



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 995 221 713  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNUTSEN NYK OFFSHORE TANKERS AS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl  
Dato for fastsettelse av årsregnskapet: 31.03.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 09.06.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Crew-Hire		0	833 480
Administration expenses	2	2 029 246	2 584 214
Other operating expenses		-352 459	-23 620
<b>Sum kostnader</b>		<b>1 676 787</b>	<b>3 394 074</b>
<b>Driftsresultat</b>		<b>-1 676 787</b>	<b>-3 394 074</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	3	808 373 269	696 357 752
<b>Sum finansinntekter</b>		<b>808 373 269</b>	<b>696 357 752</b>
Financial expenses	3	106 492 675	385 102 559
Foreign exchange gain/-loss		196 130 335	62 640 270
<b>Sum finanskostnader</b>		<b>302 623 010</b>	<b>447 742 829</b>
<b>Netto finans</b>		<b>505 750 259</b>	<b>248 614 923</b>
<b>Ordinært resultat før skattekostnad</b>		<b>504 073 472</b>	<b>245 220 849</b>
Tax	4	-27 348 922	44 471 044
<b>Ordinært resultat etter skattekostnad</b>		<b>531 422 394</b>	<b>200 749 805</b>
<b>Årsresultat</b>		<b>531 422 394</b>	<b>200 749 805</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	4	50 459 622	30 894 170
<b>Sum immaterielle eiendeler</b>		<b>50 459 622</b>	<b>30 894 170</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5	4 731 380 506	4 893 199 007
Lån til foretak i samme konsern		108 999 046	92 655 991
Investeringer i tilknyttet selskap	5	1 278 207 588	1 278 207 588
<b>Sum finansielle anleggsmidler</b>		<b>6 118 587 140</b>	<b>6 264 062 586</b>
<b>Sum anleggsmidler</b>		<b>6 169 046 762</b>	<b>6 294 956 756</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Other short-term receivables		1 311 742	4 881 788
Receivables related-parties		0	373 080
Group receivables		65 699 080	21 911 505
Group contributions		175 555 232	385 368 661
Other financial instruments		4 199 308	66 825
<b>Sum fordringer</b>		<b>246 765 362</b>	<b>412 601 859</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits	6	225 000 143	112 596 278
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>225 000 143</b>	<b>112 596 278</b>
<b>Sum omløpsmidler</b>		<b>471 765 505</b>	<b>525 198 137</b>
<b>SUM EIENDELER</b>		<b>6 640 812 267</b>	<b>6 820 154 893</b>

### BALANSE - EGENKAPITAL OG GJELD



### Balanse

Beløp i: NOK	Note	2022	2021
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital		1 601 864 400	1 601 864 400
Overkurs		598 428 328	598 428 328
<b>Sum innskutt egenkapital</b>		<b>2 200 292 728</b>	<b>2 200 292 728</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		2 337 525 904	1 806 103 510
<b>Sum opptjent egenkapital</b>		<b>2 337 525 904</b>	<b>1 806 103 510</b>
<b>Sum egenkapital</b>	7	<b>4 537 818 632</b>	<b>4 006 396 238</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	8	1 443 417 850	1 548 667 555
Langsiktig konserngjeld		393 275 771	585 768 896
Financial liabilities		0	1 621 231
<b>Sum annen langsiktig gjeld</b>		<b>1 836 693 621</b>	<b>2 136 057 682</b>
<b>Sum langsiktig gjeld</b>		<b>1 836 693 621</b>	<b>2 136 057 682</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		30 494	99 163
Accrued interest		7 461 546	5 264 315
Current liabilities group		8 380 545	2 929 218
Group contributions		240 805 199	668 286 877
Current liabilities to related parties		0	386 663
Other financial instruments		0	378 428
Other current liabilities		9 622 230	356 308
<b>Sum kortsiktig gjeld</b>		<b>266 300 014</b>	<b>677 700 972</b>
<b>Sum gjeld</b>		<b>2 102 993 635</b>	<b>2 813 758 654</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>6 640 812 267</b>	<b>6 820 154 892</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight income	2,14	298 566 000	219 085 000
Other income	2,14	24 390 000	14 018 000
Gain on sale of business	7	18 064 000	0
Gain on sale of fixed asset	3	2 098 000	4 684 000
<b>Sum inntekter</b>		<b>343 118 000</b>	<b>237 787 000</b>
<b>Kostnader</b>			
Personell costs	14,15	62 953 000	61 918 000
Depreciation	3,12	91 159 000	123 857 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3	0	5 417 000
Operating expenses vessels	14,15	26 733 000	29 427 000
Other expenses	15	77 000	106 000
Administration expenses	14,15	7 363 000	5 145 000
Vessel hire	12	16 991 000	13 291 000
Voyage expenses	15	82 763 000	52 418 000
<b>Sum kostnader</b>		<b>288 039 000</b>	<b>291 579 000</b>
<b>Driftsresultat</b>		<b>55 079 000</b>	<b>-53 792 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	6	14 702 000	7 910 000
Financial income	16	1 596 000	24 793 000
Changes in market value of financial assets/liabilities		11 385 000	8 243 000
<b>Sum finansinntekter</b>		<b>27 683 000</b>	<b>40 946 000</b>
Financial expenses	12,14, 16	36 768 000	25 114 000
Currency loss		655 000	1 179 000
<b>Sum finanskostnader</b>		<b>37 423 000</b>	<b>26 293 000</b>
<b>Netto finans</b>		<b>-9 740 000</b>	<b>14 653 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>45 339 000</b>	<b>-39 139 000</b>
Tax	17	4 899 000	4 412 000



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>40 440 000</b>	<b>-43 551 000</b>
<b>Årsresultat</b>		<b>40 440 000</b>	<b>-43 551 000</b>
Minoritetsinteresser		-284 000	-2 000
<b>Årsresultat etter minoritetsinteresser</b>		<b>40 724 000</b>	<b>-43 549 000</b>
Non controlling interest		-284 000	-2 000
Other comprehensiv income		-13 472 000	-3 480 000
Sum resultatkomponenter for IFRS-foretak		-13 756 000	-3 482 000
<b>Totalresultat</b>		<b>26 968 000</b>	<b>-47 031 000</b>



## Konsernets balanse

Beløp i: USD	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	17	32 323 000	34 012 000
Goodwill	5	74 793 000	74 793 000
<b>Sum immaterielle eiendeler</b>		<b>107 116 000</b>	<b>108 805 000</b>
<b>Varige driftsmidler</b>			
Property and equipment	3	379 000	387 000
Vessels	3	905 003 000	722 832 000
Vessels under construction	3,4,14	6 601 000	110 413 000
Right-of-use assets	12	15 175 000	20 749 000
<b>Sum varige driftsmidler</b>		<b>927 158 000</b>	<b>854 381 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	6	191 554 000	198 993 000
Long-term receivables	8	65 000	21 000
Financial assets	8,11	4 739 000	700 000
<b>Sum finansielle anleggsmidler</b>		<b>196 358 000</b>	<b>199 714 000</b>
<b>Sum anleggsmidler</b>		<b>1 230 632 000</b>	<b>1 162 900 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Stores	13	11 422 000	8 083 000
<b>Sum varer</b>		<b>11 422 000</b>	<b>8 083 000</b>
<b>Fordringer</b>			
Kundefordringer	8,11,1 4	29 166 000	15 902 000
Financial assets	8,11	2 715 000	8 000
Receivables associated companies/related parties	8	6 928 000	687 000
Other receivables	8	17 300 000	12 668 000
<b>Sum fordringer</b>		<b>56 109 000</b>	<b>29 265 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			



### Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Cash and bank deposits	9	79 571 000	56 256 000
Restricted bank deposits	9	3 961 000	26 232 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>83 532 000</b>	<b>82 488 000</b>
<b>Sum omløpsmidler</b>		<b>151 063 000</b>	<b>119 836 000</b>
<b>SUM EIENDELER</b>		<b>1 381 695 000</b>	<b>1 282 736 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Share capital	19	271 384 000	271 384 000
Overkurs		104 481 000	104 481 000
<b>Sum innskutt egenkapital</b>		<b>375 865 000</b>	<b>375 865 000</b>

##### Opptjent egenkapital

Other equity		105 528 000	78 276 000
Minoritetsinteresser		-37 000	247 000
<b>Sum opptjent egenkapital</b>		<b>105 491 000</b>	<b>78 523 000</b>

##### Sum egenkapital

**481 356 000**      **454 388 000**

#### Gjeld

##### Langsiktig gjeld

Deferred income	8	670 000	839 000
<b>Sum avsetninger for forpliktelser</b>		<b>670 000</b>	<b>839 000</b>

##### Annen langsiktig gjeld

Gjeld til kredittinstitusjoner	10	678 024 000	580 073 000
Lease liabilities	10,12	1 547 000	22 831 000
Sellers credit	10	14 492 000	14 153 000
Financial liabilities	8,11	0	934 000
<b>Sum annen langsiktig gjeld</b>		<b>694 063 000</b>	<b>617 991 000</b>

##### Sum langsiktig gjeld

**694 733 000**      **618 830 000**

##### Kortsiktig gjeld



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Gjeld til kredittinstitusjoner	10	149 040 000	175 226 000
Leverandørgjeld	8,14	12 546 000	8 863 000
Betalbar skatt	17	368 000	109 000
Lease liabilities	10,12	21 807 000	7 146 000
Current financial liabilities	8,11	0	2 767 000
Other current liabilities to associated companies	8	1 771 000	3 028 000
Other current liabilities	8	20 074 000	12 380 000
<b>Sum kortsiktig gjeld</b>		<b>205 606 000</b>	<b>209 519 000</b>
<b>Sum gjeld</b>		<b>900 339 000</b>	<b>828 349 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 381 695 000</b>	<b>1 282 737 000</b>



## Skattedirektoratet

Saksbehandler  
Jan Hoelstad

Deres dato  
11.03.2011

Vår dato  
30.03.2011

Telefon  
22077325

Deres referanse  
Jørn Knutsen

Vår referanse  
2011/327976

Ernst & Young AS  
Postboks 6163, Postterminalen  
5892 Bergen

## Dispensasjon fra kravet om utarbeidelse av årsregnskap og -beretning på norsk språk

Det vises til deres brev av 11. mars 2011 samt e-post av 30. mars 2011 med supplerende opplysninger i sakens anledning. Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010 TS Shipping Invest AS samt en rekke navngitte datterselskap, dispensasjon fra kravet om å utarbeide årsregnskap og – beretning på norsk språk. Da det er etablerte enkelte nye selskap i konsernet samt at er gjort endringer i konsernstruktur og eierskap for enkelte av de tidligere selskapene søkes det på nytt om dispensasjon for følgende selskap:

- Knutsen NYK Offshore Tankers AS org. nr: 995 221 713
- samt følgende datterselskap:
- Knutsen Bøyelaster XI KS org. nr: 986 224 610
- Knutsen Bøyelaster XI AS org. nr: 986 224 602
- Knutsen Bøyelaster II KS \* org. nr: 959 321 752
- Knutsen Bøyelaster II AS org. nr: 959 321 663
- Knutsen Bøyelaster III KS \* org. nr: 959 505 349
- Knutsen Bøyelaster III AS org. nr: 959 504 822
- Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
- Knutsen Shuttle Tankers XII AS org. nr: 991 959 556
- Knutsen Produkt Tanker IV KS \* org. nr: 961 068 355
- Knutsen Produkt Tanker IV AS org. nr: 961 068 177
- Knutsen Bøyelaster VI KS org. nr: 971 585 579
- Knutsen Bøyelaster VI AS org. nr: 993 011 681
- Knutsen Bøyelaster VIII KS org. nr: 979 539 649
- Knutsen Bøyelaster VIII AS org. nr: 993 010 596
- Knutsen Bøyelaster IX KS org. nr: 979 685 521
- Knutsen Bøyelaster IX AS org. nr: 879 685 362
- Knutsen Terminal Tanker AS org. nr: 945 404 191
- Knutsen Newfoundland Chartering AS org. nr: 990 356 963
- Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
- Knutsen Offshore KS org. nr: 893 435 832
- Knutsen Offshore AS org. nr: 992 593 881

Postadresse

Postboks 9200 Grønland  
0134 Oslo

For elektronisk henvendelse se [www.skatteetaten.no](http://www.skatteetaten.no)

Besøksadresse

Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org. nr: 996250318

Sentralbord

800 80 000  
Telefaks

22 17 08 60



- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Offshore Tankers AS org. nr: 995 206 870
- Knutsen Offshore Tankers 2 AS org. nr: 995 206 862
- Knutsen Shuttle Tankers 3 AS org. nr: 995 146 584
- Knutsen NYK Management AS org. nr: 996 124 916
- Knutsen Shuttle Tanker 13 AS org. nr: 996 661 016
- Knutsen Tankers 2 AS org. nr: 992 593 792
- Knutsen Tankers 3 AS org. nr: 992 593 814

Alle datterselskapene er eid 100 % med unntak av selskapene merket med \*. I de tre selskapene som også har andre eiere, utgjør disse andre eierne et lite antall og kan anses som etablerte investorer.

#### **Søknad:**

Fra deres brev gjengis:

*"TS Shipping Invest AS etablerte det 100 % eide datterselskapet Knutsen Offshore Tankers ASA (KOT) i februar 2010. I april 2010 ble hele bøyelastervirksomheten i konsernet flyttet inn under KOT, hvor en rekke av de selskapene som var søkt avleggelse av regnskaper på engelsk fulgte med.*

*I desember 2010 solgte TS Shipping Invest AS seg ned til 50 % i KOT ved at det japanske rederiet NYK Line gikk inn på eiersiden og overtok 50 % av aksjene. Selskapet skiftet navn til Knutsen NYK Offshore Tankers AS (KNOT).*

*Alle selskapene i KNOT konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper. Som tidligere beskrevet er brukerne av regnskapene hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Nytt fra tidligere er at den andre eieren NYK Line er engelskspråklig. Aksjonærstrukturen er begrenset til 2 hovedeiere.*

*Selskapets virksomhet er finansiert av en rekke norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån er det et krav fra bankene at regnskapene oversettes til i engelsk språkdrakt.*

*Også de aller fleste av selskapenes kunder og leverandører og andre brukerne har engelsk som sitt naturlige språk/forretningsspråk..."*

#### **Skattedirektoratets vurdering og konklusjon**

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk.



*Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.


Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

I forhold til tidligere gitte dispensasjon, har det kommet inn japanske interessenter i tillegg på eiersiden. For øvrig anses øvrige sentrale faktorer som fortsatt til stede. Dette gjelder også de nyetablerte selskapene.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Med hilsen

  
Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Høelstad



Admincontrol

## List of Signatures Page 1/1

### 230328 - 81OT - Annual accounts for signing.pdf

Name	Method	Signed at
Teksum, Leif	BANKID	2023-03-28 14:39 GMT+02



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**KNOT** Knutsen  
NYK Offshore  
Tankers

**Annual Report  
2022**



Knutsen NYK Offshore Tankers AS



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## KNUTSEN NYK OFFSHORE TANKERS AS

### DIRECTORS' REPORT 2022

#### GROUP AND COMPANY

Knutsen NYK Offshore Tankers AS ("KNOT" or "the Company") is the holding company for the shuttle tanker and FSO fleet, owned jointly by TS Shipping Invest AS ("TSSI") and NYK Holding (Europe) B.V. ("NYK").

The Company owns a number of ship-owning subsidiaries, management companies and 30.47% of the KNOT Offshore Partners L.P. ("KNOP"), and operates out of Haugesund, Norway. The Group's first shuttle tankers were ordered in 1984. Since then, KNOT has been a leader in the technical development of shuttle tankers.

Our shuttle tankers transport oil from offshore oil fields in North Europe and Brazil. The vessels operate in a demanding trade with frequent offshore loadings and subsequent port calls, which requires high quality and stable operations.

The Group has a fleet of ten owned and two chartered in specialised shuttle tankers at year end 2022. KNOT have two new buildings under construction in China for delivery in 2024 and 2025 and the vessels will start up on long term time-charter contracts following delivery. Our ships are mainly employed on long-term charters and Contract of Affreightments ("CoA") to first class charterers. This strategy combined with strong project execution capabilities and operational excellence has allowed the Group to become the world leading operator of advanced offshore shuttle tankers.

In addition, the Group owns and operate two floating storage and offloading ("FSO") vessels. *M/T Jorunn Knutsen* has operated at the Equinor Energy AS operated Åsgard field offshore Norway without any off-hire since start-up in 2000. *M/T Hanne Knutsen* has, since November 2018, been servicing a long-term contract with Equinor Energy AS at the Martin Linge field offshore Norway. The Martin Linge field officially started the production in January 2022 after being heavily delayed.

Knutsen NYK Offshore Tankers Group are the biggest unitholder and the sponsor of KNOT Offshore Partners L.P. and sell management services to the entities in KNOP. KNOP has a fleet of 18 owned specialised shuttle tankers at year end 2022, as of two is chartered to KNOT Group. KNOT Group and KNOP has an Omnibus Agreement where KNOP has an option to acquire all shuttle tankers with a charter contract of five year or more fixed term length. Five of the sailing vessels of KNOT and the two vessels under construction are candidates for sale down from KNOT to KNOP.

KNOT Management AS in Haugesund, KNOT Management do Brasil Ltda. in Rio de Janeiro and KNOT Management Denmark A/S in Copenhagen, all wholly owned subsidiaries, are responsible for the operation and management of the vessels owned by subsidiaries of KNOT as well as the vessels owned by the KNOT Offshore Partners L.P. in accordance with separate management agreements including ship management (commercial-, technical-, crew-, accounting, administration- and corporate management). The ship owning companies have no direct employees. The management companies employ the management, whilst the seafarers are employed by the managers and subcontractors of the managers. Two of the Groups shuttle tankers are buying ship technical services and crew management from Canship Uglund Ltd., a company 49% owned indirectly by TSSI.

Offshore loading and dynamic positioned tanker vessels on long-term charter contracts are the Group's main strategic focus, and the Group is actively involved in the technical evolution of these types of tankers.



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## Significant Developments

### Delivery of Shuttle Tanker Newbuilding's

*M/T Live Knutsen* was delivered from the yard in China 3 November 2021 and after mobilization voyage towards Brazil, Petrobras and charterers approval, she started 1 January 2022 on her five-year fixed and up to seven-year optional period time charter with a Galp company for operation off the Brazilian Coast. The Group booked an investment of USD 87 million regarding the delivery of the vessel.

*M/T Daqing Knutsen* was delivered from the yard in China 20 June 2022 and after mobilization voyage towards Brazil, Petrobras and charterers approval, she started 26 July 2022 on her five-year fixed and up to five-year optional period time charter with a PetroChina company for operation off the Brazilian Coast. The Group booked an investment of USD 80 million regarding the delivery of the vessel.

*M/T Frida Knutsen* was delivered from the yard in Korea 2 August 2022 and after spot voyage towards North Europe, testing and spot voyage operation in North Europe and charterers approval, she started 17 December 2022 on her seven-year fixed and up to three-year optional period time charter with an Eni company for operation in North Europe. The Group booked an investment of USD 101 million regarding the delivery of the vessel.

*M/T Sindre Knutsen* was delivered from the yard in Korea 30 August 2022. The vessel has performed a spot voyage towards North Europe and thereafter been taken through testing and final commissioning for preparation for the long term time charter with an Eni company and are operating in the spot tanker market and performing testing on different offshore field and taking single offshore voyages until final approval by Eni. The vessel has secured a five-year fixed and up to five-year optional period time charter with an Eni company for operation in North Europe. The Group booked an investment of USD 101 million regarding the delivery of the vessel.

### Charter contracts

The Group has from 13 May 2021 chartered in *M/T Bodil Knutsen* from KNOP and are currently chartered in on a 10 months fixed period until 7 January 2024. *M/T Bodil Knutsen* is operated in the CoA portfolio in Knutsen Shuttle Tankers Pool.

The Group agreed in June 2021 with Equinor to charter in *M/T Eagle Bergen* and charter out *M/T Grena Knutsen* on a swap agreement that ended in January 2022. *M/T Eagle Bergen* was operated in the CoA portfolio of the Group's Knutsen Shuttle Tankers Pool during the contract period.

*M/T Synnøve Knutsen* started on the long-term time charter contract with Equinor's subsidiary Equinor Shipping Inc. on 20 February 2022.

The Group signed 29 April 2022 a ten-year fixed and up to five-year optional period time charter with a Petrobras company for operation off the Brazilian coast. The Company has signed a construction contract for one 154,000 dwt suez-max DP2 shuttle tanker at COSCO Shipyard Group with delivery scheduled in fourth quarter 2024 for operation on the time charter contract.

The Group signed 4 November 2022 a fifteen-year fixed and up to five-year optional period time charter with a Petrobras company for operation off the Brazilian coast. The Company has signed a construction contract for one 154,000 dwt suez-max DP2 shuttle tanker at COSCO Shipyard Group with delivery scheduled in fourth quarter 2025 for operation on the time charter contract.

The Group has from 3 September 2022 chartered in *M/T Hilda Knutsen* from KNOP and are currently chartered in on a 10 months fixed period until 3 January 2024. *M/T Hilda Knutsen* is operated in the CoA portfolio in Knutsen Shuttle Tankers Pool.

The Group has from 1 March 2023 chartered in *M/T Torill Knutsen* from KNOP on a 10 months fixed period until 1 January 2024. *M/T Torill Knutsen* is operated in the CoA portfolio in Knutsen Shuttle Tankers Pool.

### Sale of Vessels

On 1 July 2022, we delivered the 2020-built *M/T Synnøve Knutsen* shuttle tanker to its buyer, KNOT Offshore Partners LP and received total net proceeds of approximately USD 32.2 million, giving a gain of USD 18.1 million from the sale which was recognized as gain from sale of business.



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On 6 September 2022, we delivered the 2002-built *M/T Anneleen Knutsen* shuttle tanker to its buyer for further trade as tanker and received total proceeds of approximately USD 6.4 million and giving a gain on sale of vessel of USD 2.1 million.

On 1 February 2023, we delivered the 2003-built *M/T Grena Knutsen* shuttle tanker to its buyer for further trade as tanker and received total proceeds of approximately USD 27.6 million.

#### Investment in the associate - KNOP

On 7 September 2021, the KNOP entered into an exchange agreement with KNOT, whereby KNOT contributed to KNOP all of KNOT's incentive distribution rights ("IDRs"), in exchange for the issuance by KNOP to KNOT of 673,080 common units and 673,080 class B units, whereupon the IDRs were cancelled in a cashflow-neutral transaction (the "IDR Exchange"). The first 84,135 class B units were converted to common units in 2021 and 336,540 class B units was converted to common units in 2022. As of December 31, 2022, there are 252,405 class B units outstanding.

#### **Profit for the year**

The Group's total revenue and operating income of USD 343 million contributed to an operating result (before depreciation and write-downs) of USD 161 million, compared to USD 83 million in 2021.

*M/T Live Knutsen* started up on her five-year fixed long term charterparty with Galp Sinopec Brazil Services BV from 1 January 2022. Charterers have options to extend the charterparty for up to six-years. *M/T Synnøve Knutsen* started up on her five-year fixed long term charterparty with Equinor Shipping Inc. from 20 February 2022 and the vessel was sold to KNOT Offshore Partners Group on 1 July 2022. *M/T Daqing Knutsen* started up on her five-year fixed long term charterparty with PetroChina International (America), Inc. from 26 July 2022. Charterers have options to extend the charterparty for up to five-years. *M/T Frida Knutsen* and *M/T Sindre Knutsen* have been operated in the spot tanker market and have taken single shuttle tanker CoA voyages from the delivery from yard in August 2022 and between testing and commissioning. *M/T Frida Knutsen* started up on her seven-year fixed long term charterparty with ENI Trade & Biofuels S.p.A. from 17 December 2022. Charterers have options to extend the charterparty for up to three-years. The oldest vessel in the fleet, *M/T Anneleen Knutsen*, have been taken out of operation and sold in the improved tanker market in September 2022. *M/T Eagle Bergen* (until 9 January 2022), *M/T Bodil Knutsen* and *M/T Hilda Knutsen* (from 3 September 2022) have been chartered in to the group and operated in the Knutsen Shuttle Tankers Pool CoA trade and utilized in the tanker spot market in between shuttle voyages together with the 6 other group vessels in this trade.

Total operating expenses ended on USD 197 million in 2022 (USD 162 million in 2021), an increase of USD 35 million from 2021.

*M/T Bodil Knutsen* has been chartered in during the full year from KNOP, *M/T Eagle Bergen* has been chartered in until 9 January 2022 and *M/T Hilda Knutsen* from KNOP from early September in addition to some single voyage chartering in vessels with a total charter hire of USD 17 million. The improved ordinary tanker market and more vessels in the CoA and spot operation in North Europe resulted in an increase in the voyage related expenses from USD 52 million in 2021 to USD 83 million in 2022.

The income from the associated KNOP ended on USD 15 million in 2022, compared to USD 8 million in 2021.

KNOT Offshore Partners LP reported total revenues for 2022 of USD 269 million, down from USD 281 million in 2021. Operating Income for 2022 was NOK 66 million down from USD 74 million in 2021 and net income ended on USD 59 million (USD 54 million in 2021).

The Group has depreciated leased and owned assets with USD 91 million in 2022, a decrease from USD 124 million in depreciation and write downs in 2021. The leased assets and owned assets are evaluated for write down if impairment indicators have been observed and the goodwill is evaluated for impairment evaluation at year end. In the impairment evaluation (goodwill and the assets with indicators) we have compared with the



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highest of net sales price and value in use. We have not identified any need for impairment of the Group goodwill and fixed assets at the end of 2022.

There have not been booked any impairment on leased assets, fixed assets or goodwill in 2022.

Net financial income- and expenses ended on minus USD 24 million (net income of USD 7 million in 2021).

We have booked gains on the mark-to-market valuation of our financial instruments, and effect of the increasing interest rate level. The interest expenses have increased from USD 25 million in 2021 to USD 37 million in 2022 partly as increased interest level and increased debt after delivery of three newbuildings during the year.

The Group had a profit before tax for the year of USD 45 million, compared to loss before tax of USD 39 million in 2021. Ordinary profit for the period amounted to USD 40 million compared to a loss of USD 44 million in 2021. The tax rate is different from the 22% normal corporate income tax rate in Norway as a major part of the business is subject to Norwegian tonnage tax in which the operating result is not taxed. Currency effect (fluctuations in the USD/NOK exchange rate) on deferred taxes are also reasons for the difference.

The total cash position of the Group was USD 84 million as of 31.12.22, of which USD 4 million is restricted bank deposit. The Group had USD 95 million in undrawn revolving credit facilities at year end. Total short-term debt amounted to 23 % of total debt and liabilities, in comparison to 25 % in 2021. The cash flow from operating activities was USD 81 million in 2022, compared to operating cash flow of USD 54 million in 2021.

Total assets for the Group at year-end 2022 amounted to USD 1,382 million compared to USD 1,283 million in 2021. Equity-share as at 31.12.22 was 35 % (35 % as at 31.12.21).

The working capital for the Group was minus USD 55 million at the end of 2022 up from minus USD 90 million in 2022. The increase in the working capital is mainly related to increased receivables and cash generated from the operation during the calendar year. The group has covenant requirements to have a positive working capital excluding first year instalments on long term debt in several of the financing facilities. The Group's working capital excluding first year instalments on long term debt and financial leases was at 31 December 2022 USD 116 million, USD 93 million in 2020, and the group was in compliance with the covenant requirement.

The total assets of the Company amounted to NOK 6,655 million at year end (NOK 6,820 million in 2021). Investment in subsidiaries and associated companies through shares and group loans amounted to NOK 6,183 million (NOK 6,295 million in 2021), 93 % of the total assets. The cash balance is NOK 225 million (NOK 113 million in 2021) at year-end and the Company has a working capital of NOK 205 million (minus NOK 153 million in 2021). NOK 241 million of the current liabilities are related to group contributions to fund the equity portion of the investment program and working capital strengthening of the subsidiaries. This is part of our strategy to fund investments, support losses and increase the equity share in our subsidiaries.

Ordinary profit before tax amounted to NOK 518 million, compared to NOK 245 million in 2021. Ordinary profit after tax amounted to NOK 546 million compared to NOK 201 million in 2021. The Board of Directors recommends that the profit for the year is transferred to other equity. Equity-share as of 31.12.22 was 68 % (59 % in 2021). The Company's total equity was NOK 4 552 million on 31 December 2022 (NOK 4,006 at 31 December 2021) of which other equity was NOK 2,352 million (NOK 1,806 million in 2021).

The Financial Statements have been prepared under the assumption of going concern, and the Board of directors confirms that this assumption is in accordance with the Norwegian Accounting Act § 3-3a and § 4-5.



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## Financing

The Group has a solid financial position both in terms of liquidity and solidity. During 2022, the Group carried out several financing and refinancing activities improving the Groups maturity profile and further strengthening the Groups liquidity position.

The Group continuously works to secure refinancing of maturing debt 3-18 months before maturity. For 2023 the Group have four revolving credit facilities up for renewal of total \$109.6 million, where we plan not to extent two revolving facilities of total \$39,6 million. The Group continues to see solid appetite for our financing initiatives from a good number of lenders and is confident in our ability to raise attractive financing for both our current newbuilding programs and our existing vessels.

Liquidity situation going into 2022 is comfortable with USD 84 million cash of which USD 4 million is restricted cash. In addition, the Group has USD 95 million of undrawn revolving credit facilities. Overview and details of the cash, mortgage and main covenants are included in notes 9 and 10.

## Risk factors

The majority of KNOT's revenues are denominated in USD and the minority in NOK, whereas parts of the operating expenses are denominated in other currencies. The salaries of the Norwegian seafarers and the general administration expenditures at headquarters in Haugesund are denominated in NOK. There are also some expenditures in other European currencies and Brazilian Reals resulting in limited additional currency exposure. KNOT receives the time-charter hire of the Martin Linge FSO and the OPEX element on the Åsgard FSO in NOK which is a natural hedge against the NOK expenditures in KNOT. In addition, the vessels are financed in the currency reflected in the charter contracts for each specific vessel, normally USD, which gives a natural hedge against freight income and second-hand market for vessels. KNOT does not apply hedge accounting.

The Group is dependent on the banking market but has mitigated this dependency by diversifying the bank group both in numbers and geographical location. Further the Group is exposed to the capital markets including potential impact on covenants by the investment and agreements with KNOT Offshore Partners LP where KNOT is its sponsor offering drop down vessels with contracts, is the general partner (KNOT Offshore Partners GP LLC) and is the largest unit holder. KNOT is also exposed to fluctuations in interest rates. The debt financing has variable interest rates, but a part of the debt for the vessels on long-term charters is hedged with interest rates swaps. KNOT Group has at the end of 2022 hedged 11 % of the debt in USD and 41 % of the debt in NOK.

KNOT regularly makes prepayments to shipyards for vessels under construction. These deposits are secured by refund guarantees from reputable financial institutions.

The Group's result from the operational activities depends on the worldwide supply and demand for offshore tankers. The spot market for crude oil tankers will also influence the financial performance of the company because the vessels operating on Contract of Affreightment contracts are occasionally deployed as crude oil tankers if it is not achievable to employ them full time as shuttle tankers.

The general supply of vessels is determined by a combination of new buildings and conversions, while the demand side of our business is mainly influenced by the production at offshore oil- and gas fields, which may require FSOs for storage of the produced oil at the field and shuttle tankers for transportation to shore. However, the sentiment in the tanker market might also influence the supply/demand by the fact shuttle tankers have the flexibility to be traded also as conventional oil tankers.

Although oil price fluctuation generally has little impact on our business in the short-term, the oil- and gas price can possibly impact the future growth of offshore oil production and hence the long-term demand for shuttle tankers. KNOT has always pursued a strategy based on advanced vessels and long-term charter contracts with



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first class charterers. Therefore, the management believes that the risk of default on our long-term charter contracts is limited.

Throughout the year we maintained our focus on environmental, social and governance ("ESG") matters as we believe that whatever the circumstances, we must continue to take responsibility for the environment we operate in. In addition, our stakeholders' expectations have continued to rise, and we have sought to meet these. The energy transition and long-term international emission reduction goal may lead to reduced demand for shuttle tankers, and transition into newer technology for shuttle tankers. To meet these long-term objectives, two important changes are proposed to take effect from 2023. These are the implementation of energy efficiency requirements for all existing ships ("EEXI") and an operational carbon intensity indicator ("CII"). Despite a lot of details remaining to be agreed in regard to the CII, these and further regulations towards 2030, will have a significant effect on the shipping industry. KNOT is prepared to meet this new regulatory landscape. Close cooperation between owners, regulators, charterers, and funding institutions will be essential to meet IMO's ambitions. It is through continued hard work, innovation, and commitment that we will continue to improve and as a Group we are determined to play our part. The ESG report summarizes our values, our intentions, and our progress, but by publishing this in a transparent manner, we wish to convey our overriding commitment to ESG matters large and small, providing consistent reporting on all of our key initiatives, policies and performance.

As with all global shipping activities, our operations are subject to risks related to outbreaks of infectious diseases. Governments in Corona affected countries are, though temporary in measure, imposing travel bans, quarantines, and other emergency public health measures. The company management and the Board of Directors strives to tackle continued challenges and changes in the pandemic environment, ensuring safe trading of our vessels with regular crew change whilst also ensuring that our newbuilding's are delivered timely to entertain charter contracts commitments.

The Group has not taken out any insurance policy for members of the Board of Directors and the President and CEO of the parent company or the subsidiaries for their potential liability towards the Group companies and third parties.

## Environment, safety, and quality control

KNOT recognises the significance of climate change and the energy transition on our business and operations. Climate risks and opportunities are considered by the Board of Directors and the Management Team as part of their assessment of the Group's strategy and principal risks.

KNOT supports the Norwegian Shipowners' Association's Greenhouse Gas ("GHG") strategy for 2030 and towards 2050, which is more stringent than IMO's ambitions. The IMO's Initial GHG Strategy envisages a reduction in the carbon intensity of international shipping by at least 40 per cent by 2030, pursuing efforts towards 70 per cent by 2050, compared to 2008. This Initial Strategy will be revised by 2023. The Group has already commenced the process of establishing appropriate targets and metrics that is applied in and from 2021, based on how shuttle tankers are expected to be assessed under CII/EEXI conventions, given that shuttle tankers operate differently to conventional tankers.

The Group's values are essential to succeed over time in a competitive environment. The Group's values are at the core of the management system and guide how the Group conducts business, work together and how the Group acts towards stakeholders.

The Group's three main values are:

- Credibility – Show integrity on all levels through responsible and solution minded employees and operations.



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- **Innovation** – Innovation and passion for sustainable solutions.
- **Care** – Relation, behaviour and commitment to safety for employees, customers, assets and the environment.

To meet the ever-stricter environmental and safety requirements, the Group has maintained objectives concerning high quality vessels operation. The Group's fleet consists of vessels of high technical standards and we are continually striving to improve the performance, energy optimisation and emission reduction for the Group's fleet.

The Group and the external ship manager place considerable emphasis on safety and quality control, and strict requirements are put on safe operation of the vessels.

The Group has a training program which for the time being involves 90 training positions. The Group focus on having a high retention rate for officers and crews, and for 2022 the retention rate for officers was 97 %.

There have been no cases where the Group pollutes the external environment other than that within emissions from tanker operation.

The Group has established overall guidelines to ensure that:

- The Group activities shall be executed professionally and at the very least in accordance with the national and international rules and regulations as well as internal and external standards. Proactive actions shall be taken to avoid injuries, loss of lives and material damages.
- The Group's operations shall be planned, and attention shall be taken in connection with executing activities and operations so that the environmental consequences are minimized.
- The Group HSSE & QA system is in accordance with the international requirements and standards, and the Group maintains all necessary certificates for its operation of activities. The management company has been further certified according to the ISM code as well as ISO 9001, ISO 14001 and ISO 45001 standard. Special attention is focused on preventive activities. Any deviation from the implemented procedures is reported and processed in the Group's HSSE & QA system. The Group's vessels are regularly subjected to vetting inspections. The same applies to the manager's land organisation.

Sick leave among officers and crew on the managed shuttle tankers was in 2022 at 2.0 % and the two FSO 10.9%. Sick leave among office employees in Haugesund was in 2022 at 5.0 %. The working environment both on shore and aboard our vessels is considered to be good.

The Group, the Company and the Norwegian subsidiaries regularly carries out risk-based due diligence assessments in accordance with the obligations pursuant to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (LOV-2021-06-18-99) section 4. The due diligence assessments cover the operations in the company. The account for these due diligence assessments and other obligations pursuant to the Act's section 5 will be included in a report here [www.knutsenoas.com](http://www.knutsenoas.com) within 30 June 2023.

## Equal opportunity

The Group is an equal opportunity employer and strives to provide a working environment free of discrimination and harassment for employees regardless of location. All applicants will be considered for employment without attention to race, colour, religion, sex, sexual orientation, gender orientation, national origin, or disability. New employment is based on business needs, job requirements and individual qualifications. No considerations are made outside the protection of the laws and regulations in the locations in where we operate. The share of women in the office is 30.61 %. Onboard our vessels the percentage of women is 2.8 %.



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The shipping business is a traditional business and a very male dominated one. In recent years the Group has had a special focus on recruitment of women. We want our working environment both in the offices and on our managed vessels to reflect our equality and discrimination statement. In order to achieve a more balanced workforce with equal opportunities, we need to pay special attention to applicants of all genders without being unfair to anyone. We have made some adjustments and changes to our recruitment process to achieve a more gender balanced workforce:

- Make job posting more inclusive – Focus on the job descriptions on the expectations of the role. Use more straightforward job titles and descriptions. Be aware of the language and use words that are compatible with family life such as; flexible, work from home, medical benefits.
- Share stories of women who are succeeding across all levels in the organization – On Knutsen Group LinkedIn and in Knutsen Group magazine Knut'n.
- Make Knutsen an attractive place to work – Visit universities for relationship building and show the career opportunities we can offer. Make the Company more visible both at the high school and university level by participation in career fairs and student arrangements. Employer branding and tailor-made messages out is a key factor.
- Planning for the future – Build a gender- diverse recruiting strategy for the future. Make goals for improvement for the company. Invite to a focus group where this is on the agenda. Involve the organization in talking about the subject and create awareness and accountability.

## Future developments

KNOT's two FSO's are fixed on long term charterparties and are vital for the production on the two fields with surrounding tied in fields. *M/T Jorunn Knutsen* has a fixed contract until the end of September 2024 with charterers options to extend for four years and *M/T Hanne Knutsen* has a fixed contract to medio October 2026 with charterers options to extend for four years.

The five shuttle tankers delivered in 2021 and 2022 and the two vessels to be delivered in 2024 and 2025 are all chartered out on long term contracts with charterers options to extend up to in total six to twenty years, with the first fixed period to end in the first quarter of 2026.

The fleet employed in the CoA and short-term charter market are vessels with an age between 9 and 20 years old with long-term experience in the trade. *M/T Grena Knutsen* and *M/T Bodil Knutsen* have installed VOC recovery systems that make them attractive for the energy companies offloading at the Norwegian continental shelf as they reduce the VOC emission. We installed the second generation KVOC system onboard *M/T Gijon Knutsen* during the class renewal in 2021, partly paid by the charterers, making the vessel more attractive for charterers loading activities offshore. We observe that ports, like Wilhelmshaven, require tankers with KVOC to keep emissions down in the ports. The Group fleet of vessels in the CoA operations are at the start of 2023, two handy size vessel of 35,000 dwt that can take smaller cargoes and five suez-max vessels that can load up to 1 million barrels of oil from offshore oil field or between terminals.

We are continuously seeking long term charter contracts for all our vessels, and with the contract of affreightment portfolio for our technically advanced vessels in North Europe, we have a well-balanced fleet in North Europe. The fleet in Brazil is on long term charter contracts.

The Board of Directors believe the demand for shuttle tanker transport of oil from offshore oil- and gas fields will continue in combination with development of sustainable energy alternatives and the global focus on environment. The demand for shuttle tankers will in part be covered by continued deployment of existing shuttle tankers and new building of shuttle tankers with new energy solutions as replacement for older tonnage.

Although the Group has not experienced any direct impacts on its business from the Russian invasion of Ukraine, some of its vessels' crew members are Russian or Ukrainian nationals. The Group continues to monitor this situation closely and is mindful that there may be restrictions or logistical challenges in employing both nationalities. The invasion may also lead to further regional and international conflicts or armed action, and it is possible that such conflicts could disrupt supply chains and cause instability in the global economy.



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Haugesund, March 28, 2023

Svein Steimler  
Chairman of the Board

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Trygve Seglem  
Board member, President & CEO

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Leif Teksum  
Board member

(This document is signed electronically)

Takashi Domyo  
Board member & EVP

(This document is signed electronically)

Akira Kōno  
Board member

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Jorunn Seglem  
Board member

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## Knutsen NYK Offshore Tankers Group Statements of Total Comprehensive Income

USD 1000	Notes	2022	2021
<b>OPERATING INCOME</b>			
Freight income	2,14	298 566	219 085
Other income	2,14	24 390	14 018
Gain on sale of business	7	18 064	0
Gain on sale of fixed assets	3	2 098	4 684
<i>Total operating income</i>		<u>343 118</u>	<u>237 787</u>
<b>OPERATING EXPENSES</b>			
Voyage expenses	15	-82 763	-52 418
Operating expenses vessels	14,15	-26 733	-29 427
Personell costs	14,15	-62 953	-61 918
Other expenses	15	-77	-106
Administration expenses	14,15	-7 363	-5 145
Vessel hire	12	-16 991	-13 291
<i>Total operating expenses</i>		<u>-196 880</u>	<u>-162 305</u>
Income from investment in associated companies	6	14 702	7 910
<b>Operating profit before depreciation, write-down</b>		<u>160 940</u>	<u>83 392</u>
Depreciation on vessels	3,12	-91 159	-123 857
Impairment on vessel	3	0	-5 417
<b>Operating profit</b>		<u>69 781</u>	<u>-45 883</u>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Financial income	16	1 596	24 793
Financial expenses	12,14,16	-36 768	-25 114
Changes in market value of financial assets/liabilities		11 385	8 243
Currency gains (losses), net		-655	-1 179
<i>Net financial income and expenses</i>		<u>-24 442</u>	<u>6 743</u>
<b>Profit before taxes</b>		<u>45 339</u>	<u>-39 140</u>
Taxes	17	-4 899	-4 412
<b>PROFIT FOR THE PERIOD</b>		<u>40 440</u>	<u>-43 551</u>
<b>ATTRIBUTABLE TO:</b>			
Non controlling interest		<u>-284</u>	<u>-2</u>
<b>Equity holders of parent</b>		<u>40 724</u>	<u>-43 550</u>
Other comprehensive Income*		<u>-13 472</u>	<u>-3 480</u>
<b>Total Comprehensive Income</b>		<u>26 969</u>	<u>-47 031</u>

\* Consist of exchange differences on translation from functional to presentation currency



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## Knutsen NYK Offshore Tankers Group

### Statements of financial position

USD 1000	Notes	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Deferred tax assets	17	32 323	34 012
Goodwill	5	74 793	74 793
<i>Total intangible assets</i>		<u>107 116</u>	<u>108 805</u>
Vessels	3	905 003	722 832
Vessels under construction	3,4,14	6 601	110 413
Property and equipment	3	379	387
Right-of-use assets	12	15 175	20 749
<i>Total tangible fixed assets</i>		<u>927 158</u>	<u>854 382</u>
Investments in associated companies	6	191 554	198 993
Long-term receivables	8	65	21
Financial assets	8,11	4 739	700
<i>Total financial non-current assets</i>		<u>196 356</u>	<u>199 714</u>
<b>Non current assets</b>		<u><b>1 230 632</b></u>	<u><b>1 162 900</b></u>
<b>CURRENT ASSETS</b>			
Stores	13	11 422	8 083
<i>Total inventories</i>		<u>11 422</u>	<u>8 083</u>
Accounts receivables	8,11,14	29 166	15 902
Financial assets	8,11	2 715	8
Receivable associated companies/related parties	8	6 928	687
Other receivables	8	17 300	12 868
<i>Total debtors</i>		<u>56 109</u>	<u>29 265</u>
Cash and bank deposits	9	79 571	56 256
Restricted bank deposits	9	3 961	26 232
<b>Total current assets</b>		<u><b>151 063</b></u>	<u><b>119 836</b></u>
<b>TOTAL ASSETS</b>		<u><b>1 381 695</b></u>	<u><b>1 282 736</b></u>



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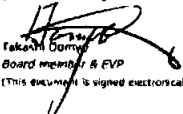


Knutsen NYK Offshore Tankers Group

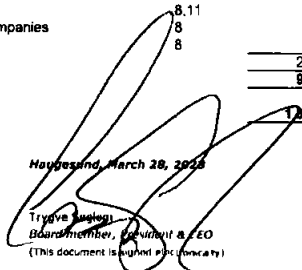
Statements of financial position

USD 1000	Notes	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	19	271 384	271 384
Share premium		104 481	104 481
<i>Total paid-in capital</i>		<u>375 865</u>	<u>375 865</u>
Other equity		105 528	78 278
<i>Total other equity</i>		<u>105 528</u>	<u>78 278</u>
Non controlling interests		-37	247
<b>Total equity</b>		<u><b>481 356</b></u>	<u><b>454 388</b></u>
<b>LIABILITIES</b>			
Deferred income	8	670	839
<i>Total provisions</i>		<u>670</u>	<u>839</u>
Interest-bearing loans and borrowings	10	678 024	580 073
Lease liabilities	10,12	1 547	22 831
Sellers Credit	10	14 492	14 153
Financial liabilities	8,11	0	934
<i>Total other non-current liabilities</i>		<u>694 063</u>	<u>617 991</u>
Interest-bearing loans and borrowings	10	149 040	175 226
Lease liabilities	10,12	21 807	7 146
Accounts payable	8,14	12 546	8 863
Tax payable	17	368	109
Current financial liabilities	8,11	0	2 767
Other current liabilities to associated companies	8	1 771	3 028
Other current liabilities	8	20 074	12 380
<i>Total current liabilities</i>		<u>205 806</u>	<u>209 519</u>
<b>Total liabilities</b>		<u><b>900 339</b></u>	<u><b>828 349</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1 281 695</b></u>	<u><b>1 282 736</b></u>

  
Stein Steinar  
Chairman of the Board  
(This document is signed electronically)

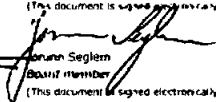
  
Torkel Durnes  
Board member & EVP  
(This document is signed electronically)

Haugesund, March 28, 2023

  
Trygve Seglem  
Board member, Chairman & CEO  
(This document is signed electronically)

  
Akira Kano  
Board member  
(This document is signed electronically)

Leif Takcum  
Board member  
(This document is signed electronically)

  
Jonann Seglem  
Board member  
(This document is signed electronically)



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## Knutsen NYK Offshore Tankers Group Statement of changes in equity

USD 1000	Attributable to the equity holders of the parent					Non-controlling interest	Total equity
	Share capital	Share Premium	Retained earnings	Foreign currency translation reserve	Total		
Balance at January 1, 2021	271 384	104 481	158 366	-17 059	517 170	249	517 420
Profit for the year	0	0	-43 550	0	-43 550	-2	-43 552
Dividends paid to shareholders	0	0	-16 000	0	-16 000	0	-16 000
Other comprehensive income	0	0	0	-3 480	-3 480	0	-3 480
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-59 550</b>	<b>-3 480</b>	<b>-63 030</b>	<b>-2</b>	<b>-63 032</b>
<b>Balance at December 31, 2021</b>	<b>271 384</b>	<b>104 481</b>	<b>98 816</b>	<b>-20 539</b>	<b>454 140</b>	<b>247</b>	<b>454 388</b>
Balance at January 1, 2022	271 384	104 481	98 816	-20 539	454 140	247	454 388
Profit for the year	0	0	40 724	0	40 724	-284	40 440
Dividends paid to shareholders	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	-13 472	-13 472	0	-13 472
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>40 724</b>	<b>-13 472</b>	<b>27 252</b>	<b>-284</b>	<b>26 960</b>
<b>Balance at December 31, 2022</b>	<b>271 384</b>	<b>104 481</b>	<b>139 540</b>	<b>-34 011</b>	<b>481 392</b>	<b>-37</b>	<b>481 356</b>



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## Knutsen NYK Offshore Tankers AS Cash flow Statement

USD 1000	31.12.2022	31.12.2021
<b>OPERATING ACTIVITIES</b>		
Profit before tax (1)	45 339	-39 140
Paid income tax	-169	-202
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	91 159	123 857
Impairment on fixed assets	-	5 417
Gain on sale of business	-18 064	-
Gain on sale of vessel	-2 098	-4 684
Income (loss) from investing in associated company	-15 102	-32 235
Payments from investments in associated company incl. dividends on preferred units	22 541	22 345
Amortization of deferred debt issuance cost	2 373	2 195
Lease interest paid	-1 193	-1 473
Changes in market value of financial current liabilities	-11 385	-8 243
Changes in operating assets and liabilities		
Decrease (increase) in amounts due from related parties	-6 315	464
Decrease (increase) in inventories	-4 004	-3 117
Decrease (increase) in other current assets	-4 798	-592
Decrease (increase) in accounts receivables	-13 267	-1 012
Increase (decrease) in trade accounts payable	3 632	-915
Increase (decrease) in other liabilities	-6 522	-6 654
Increase (decrease) in amounts due to related parties	-887	-2 405
<b>Net cash provided by (used in) operating activities</b>	<b>81 240</b>	<b>53 606</b>
<b>INVESTING ACTIVITIES</b>		
Additions to vessel and equipment	-1 120	-1 297
Disposals of vessel and equipment	6 431	37 474
Drydock additions	-1 263	-5 045
Additions to vessel under construction	-288 497	-227 800
Investment in associated company	-	-4 451
Net cash from Sale of Business	32 166	-
<b>Net cash provided by (used in) investing activities</b>	<b>-252 283</b>	<b>-201 119</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	316 795	206 694
Repayment of long-term debt	-119 149	-75 604
Repayment of financial lease liabilities	-7 158	-6 800
Net change in revolving credit facility	-29 500	12 000
Payment of debt issuance cost	-1 850	-4 863
Change in restricted cash	22 271	987
Dividends paid to equity holders	-	-16 000
<b>Net cash provided by (used in) financing activities</b>	<b>181 409</b>	<b>116 414</b>
Net foreign exchange differences	12 949	3 384
Net increase in cash and cash equivalents	23 315	-27 715
Cash and cash equivalents at the beginning of the period	56 256	83 971
<b>Cash and cash equivalents at the end of the period</b>	<b>79 571</b>	<b>56 256</b>

(1) Included in Profit before tax is interest paid amounting to USD 20.6 million and USD 12.1 million for the year ended December 31, 2022 and 2021, respectively.



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## NOTE 1 Basis of preparation

(Unless otherwise stated, figures are presented in USD 1 000)

This section describes the critical accounting judgements and estimates that management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within the note. We have also detailed below the effects of the new accounting pronouncements adopted in 2022, and new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

Knutsen NYK Offshore Tankers AS (**KNOT**) is a limited liability company with head office in Haugesund, Norway. KNOT and the subsidiaries (the **Group**) operate a shipping business, and its main activities are the operation of shuttle tankers and offshore floating, storage and offloading units (FSO).

The consolidated financial statements of Knutsen NYK Offshore Tankers Group are prepared in accordance with International Financial Reporting Standards, as adopted by EU (**IFRS (International Financial Reporting Standards)**). The consolidated financial statements are prepared on a going concern basis.

IFRS requires the Management and Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. These have been applied consistently to all the years presented, unless otherwise stated. In determining and applying accounting policies, directors and management are required to make judgements and estimates in respect of items where the choice of specific policy, accounting judgement, estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows and disclosure of contingent assets or liabilities during the reporting period, it may later be determined that a different choice may have been more appropriate.

The Group's critical accounting judgements and key sources of estimation uncertainty are detailed below. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognized in the financial statements.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Our critical accounting estimates are important to the portrayal of both our financial condition and results of operations and require us to make subjective or complex assumptions or estimates about matters that are uncertain. Significant items subject to such estimates and assumptions including useful life, residual value of vessels, depreciation of planned maintenance, impairment, contingent liabilities, and taxes are items where the use of estimates may have significant impact on reported amounts.

*Useful lives of vessels* take into account design life, commercial considerations, and regulatory restrictions. Depreciation of our vessels is calculated using the estimated useful life. However, the actual life of a vessel may be different than the estimated useful life, with a shorter actual useful life resulting in an increase in depreciation and potentially resulting in an impairment loss.

*The residual value of vessels* will also affect ordinary depreciation. The residual value of the Group's vessels is estimated based on the vessel's lightweight tonnage and an estimated steel price at the balance sheet date with deduction of estimated expenses in connection with the future sale.

*Depreciation of periodic maintenance* is affected by the estimated interval between each dry docking. This interval is determined based on the class certificates for the vessels and experience for the Groups' fleet.

*Impairment testing* is based on several assumptions. Our estimates of future cash-flows involve assumptions about future hire rates, vessel utilization, operating expenses, drydocking expenditures, vessel residual values and the remaining estimated life of our vessels. Our estimated hire rates are based on rates under existing vessel charters and market rates at which we expect we can re-charter our vessels. Our estimates of vessel utilization, including estimated off-hire time and the estimated amount of time our shuttle tankers may spend operating in the spot market when not being used in their capacity as shuttle tankers, are based on historical experience and our projections of future shuttle tanker voyages. Our estimates of operating expenses and drydocking



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expenditures are based on historical operating and drydocking costs and our expectations of future cost and operating requirements. Assumptions are also made related to the calculation of weighted average cost of capital (WACC). Refer to Note 3 related to impairment of vessels and Note 5 related to impairment of Goodwill.

*Contingent liabilities* require considerations of possible obligations depending on whether some uncertain future event occurs, or considerations of present obligations where payment is not probable, or the amount cannot be measured reliably.

The future realization of *deferred tax assets* depends on the existence of sufficient taxable income of the appropriate character in the carry forward period. This analysis requires, among other things, the use of estimates and projections in determining future reversals of temporary differences and forecasts of future profitability and evaluating potential tax-planning strategies.

Although these estimates are based on management's best information at the time of preparing the financial statements, actual figures may differ substantially from the estimates.

## Significant accounting policies applied in the current reporting period that relate to the financial statements as a whole

### Basis of consolidation

The consolidated financial statements comprise of the financial statements of Knutsen NYK Offshore Tankers AS and its subsidiaries. Subsidiaries are entities controlled by the Group. Any deviating accounting principles are adjusted for in the consolidation.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group accounts state the total profit and loss and financial position of Knutsen NYK Offshore Tankers AS and its controlling interests as a whole. The consolidated accounts include companies in which Knutsen NYK Offshore Tankers AS has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct or indirect control. Other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All inter-company transactions, receivables, liabilities, and unrealized profits, as well as intra-group profit distributions, are eliminated in preparing the consolidated financial statements. The non-controlling interest in equity as well as net income is reported separately in the consolidated financial statements.

The Group's investment in its associates is accounted for under the equity method of accounting (see note 6 "Investments in associates" to the consolidated financial statement).

### Foreign currencies

The consolidated financial statements are presented in USD, which is also the Company's functional currency and the functional currency of the majority of the Group's entities. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary items such as vessels that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

Income and expenses of subsidiaries with functional currency other than the presentation currency are translated using the monthly average exchange rate. The balance sheet is translated using the balance sheet date exchange rate. The translation differences are recognized in other comprehensive income.

The Group's most used currencies had the following exchange rates towards USD on the balance sheet date:

	USDNOK	EURUSD	USDCAD
Pr 31.12.22	9.9066	1.0652	1.3550
Pr 31.12.21	8.8363	1.1324	1.2779



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#### **Current or non-current classification**

Assets are classified as current in the consolidated statement of financial position where recovery is expected within 12 months from the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets, goodwill, tangible fixed assets (including right-of-use assets) and investments in associated companies are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, the amount is classified as non-current where settlement is expected more than 12 months from the reporting date.

#### **Cash Flow**

The Group applies the Indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

#### **Dividends**

Dividends are recognized when the shareholder's right to receive the payment is established (by resolution at the general meeting).

#### **Recently Adopted Accounting Standards**

The Group has assessed that there are no new accounting standards that have become effective during the year that had a material effect on the Group's consolidated accounts as of December 31, 2022.

#### **New Accounting Standards not yet adopted**

The Group has assessed that there are no standards that are not yet effective that are expected to materially impact the Group.

## **Note 2 Operating income**

#### **Accounting policies**

##### **Revenue recognition**

The group's operational vessels are hired out on freight charters, time charters (TC), contract of affreightment (COA) and spot basis.

##### **Revenues from time charters**

A time charter includes a service (operational management of the vessel) and a bareboat element (rent of the vessel). The bareboat element is not in the scope of IFRS 15 *Revenue from Contracts with Customers* as it constitutes a lease, which is accounted for in accordance with IFRS 16 *Leases* and is recognised on a straight-lined basis over the time of the time charter arrangement. The service component falls under the scope of IFRS 15, and related revenues are recognized upon the satisfaction of the performance obligations in the contract, i.e. when the underlying services are delivered to the customer.

##### **Revenues from spot-/CoA charters**

A spot charter contract and contract of affreightment conveys a transportation service to the customer, as such these contracts fall under the scope of IFRS 15. Revenues are recognized upon the satisfaction of performance obligations i.e., when the underlying transportation service is provided to the customer. Revenues are recognized on a load-to-discharge basis, since this reflects the period over which the charterer is obtaining benefit from the transportation service.

Voyage expenses are all expenses unique to a particular voyage, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls and agency fees. Voyage expenses are paid by the customer under time charters and bareboat charters. Voyage expenses are paid by the Group for spot contracts and during periods of off-hire and are recognized when incurred. For specification of voyage expenses see Note 15 - Voyage expenses, operating expenses vessels, other expenses, wages, employees, and distinctive contributions.

Other revenues from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Insurance claims for property damage for recoveries up to the amount of loss recognized are recorded when the claims submitted to insurance claims are probable of recovery. Claims for property damage in excess of the loss recognized and for loss of hire are considered gain contingencies, which are generally recognized when the proceeds are received.



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## Revenues

The Groups freight revenues are mainly derived from time charter contracts and CoA charters. The Group does not have a separate revenue stream related to the operational management of the vessels for time charters, and revenues solely derive from long term fixed contracts. As such, theoretical split of time charter revenues into a service component and a lease component is not deemed relevant for the user, and the service element is presented together with the bareboat element of the contract.

The Groups revenue from contracts with customers consists of the revenues that do not contain a lease. The split of revenue from time charter contracts and CoA- and spot contracts were as follows:

(USD 1 000)	2022	2021
Revenue from time charter contracts (service element included)	130 919	146 477
Revenue from CoA contracts and spot contracts	167 647	72 608
<b>Total freight income</b>	<b>298 566</b>	<b>219 085</b>

The minimum contractual future revenues to be received from time charter contracts as of December 31, 2022, were as follows (the service element of the time charter included):

(USD 1 000)	Future minimum contractual payment
Within 1 year	184 383
1 to 2 years	366 603
3 to 5 years	262 158
After 5 years	428 939
<b>Total</b>	<b>1 242 083</b>

Freight income from CoA contracts with variable number of earning days is not included in the table above.

Other income (IFRS 15 and insurance recoveries) in 2022 is mainly related to management services delivered to the Group's associated and related companies. For construction contracts, revenue is recognized based on the stage of completion of the project according to IFRS 15. The stage of completion is measured based on costs incurred on the balance sheet date as a percentage of total estimated costs. Insurance recoveries are generally recognized when proceeds are received.

Other income	2022	2021
Income from management services	22 044	11 062
Income from construction contracts	158	235
Insurance recoveries	2 188	1 785
Credit from the Norwegian Shipowners' Mutual War Risks Insurance Association	0	935
<b>Total other income</b>	<b>24 390</b>	<b>14 018</b>

## Geographic reporting:

The Group's activities are principally distributed geographically across the following sectors: North Europe, West Africa, South America and other sectors. The Group's vessels operate in several geographical areas during the year. Allocation between the different areas is based on freight revenue.

During 2022, the Group's three largest clients contributed with a freight income amounted to USD 86 million, USD 17 million and USD 16 million, respectively, which is approximately 40% of the total freight income.



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	2022		2021	
North Europe	84 %	249 844	75 %	163 649
West Africa	0 %	0	1 %	3 553
South America	16 %	48 722	17 %	37 087
Other	0 %	0	7 %	14 796
<b>Total</b>	<b>100 %</b>	<b>298 566</b>	<b>100 %</b>	<b>219 085</b>

## NOTE 3 Tangible Fixed Assets

### Accounting policies

#### Vessels

Vessels and equipment are stated at the historical acquisition or construction cost including capitalized interests, supervision and technical services and delivery costs net of accumulated depreciation and impairment loss, if any. Expenditures for subsequent conversions and major improvements are capitalized provided that such costs increase the earnings capacity or improve the efficiency or safety of the vessels.

#### Depreciation

The estimated economic life is 23 and 25 years for our shuttle tankers and FSOs, respectively. Depreciation of the shuttle tankers and FSOs is calculated on a straight-line basis using our estimated useful life less the estimated residual value. Our estimated useful life represents our best estimate of the period that we will use the vessel, while the estimated economic life may involve periods that an asset will be used by others or converted to be used in other segments of shipping. Our business model is to provide time charters of five years or more.

Charterers prefer newer vessels for long-term charters and prefer vessels less than 20 years of age if available in the market. Accordingly, we have adopted that the estimated useful life or depreciable life of 23 years, while in cases where management has estimated that a vessel will have a shorter or longer lifespan than 23 years, or if we have chartered the vessel out for a fixed contract beyond the vessels age of 23 years, we use our best estimate on the useful life of the vessel.

Historically, the useful life of the Group's shuttle tankers was assessed as 25 years commencing from the date the vessel and equipment were delivered from the shipyard. As of June 30, 2021, the Group had considered factors related to the ongoing use of the vessels and equipment, gradual shifts in market conditions and other long-term factors associated with the global oil and maritime transportation industries and based on this reassessed the useful life as being 23 years. This change in estimate was applied prospectively from July 1, 2021 and impacted the entire fleet of shuttle tanker vessels. The effect of the change in estimate is an increase in monthly depreciation and amortization expense of USD 0.35 million. Our current fleet's estimated useful life ranges from 20 to 26 years.

The vessels' residual value at the end of their useful lives is calculated based on the weight of the vessel and estimated steel price on the reporting date. Any cost related to the disposal including positioning the vessel for the sale is deducted from the residual value. The assessment of useful life and residual value is reviewed regularly and at least each financial year-end.

#### Periodic maintenance

Generally, the Group drydocks each vessel every 60 months until the vessel is 15 years old, and every 30 months thereafter as required for the renewal of certifications issued by classification societies. The cost of periodic maintenance is depreciated over the period until the next planned periodic maintenance with dry-docking of the vessel takes place. For vessels that are newly built or acquired, some elements of the vessel's cost are initially allocated to the periodic maintenance component and depreciated on a straight-line basis over the period until the next planned drydocking.

#### Impairment

At each reporting period date, the Group reviews the carrying amount of its vessels and other tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized in the income statement.



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Below is an overview of the Groups fixed assets as of December 31, 2022 and 2021.

	Vessels	Vessels under construction	Other tangible assets	Total
<b>2022</b>				
<b>Cost price 01.01.2022</b>	<b>1 308 415</b>	<b>110 414</b>	<b>614</b>	<b>1 419 443</b>
Additions	2 383	288 497	0	290 880
Transfer	392 310	-392 310	0	0
Disposals	-156 768	0	0	-156 768
Translation adjustment	-57 703	0	0	-57 703
<b>Cost price 31.12.2022</b>	<b>1 488 637</b>	<b>6 601</b>	<b>614</b>	<b>1 495 852</b>
Acc. depreciations/ impairment				
01.01.2022	-585 583	0	-227	-585 810
Depreciation current period	-85 020	0	0	-85 020
Disposals (depreciation and impairment)	52 043	0	0	52 043
Translation adjustment	34 926	0	-8	34 918
<b>Acc. depreciations/ impairment 31.12.2022</b>	<b>-583 634</b>	<b>0</b>	<b>-235</b>	<b>-583 869</b>
<b>Carrying value 31.12.2022</b>	<b>905 003</b>	<b>6 601</b>	<b>379</b>	<b>911 983</b>
<b>2021</b>				
<b>Cost price 01.01.2021</b>	<b>1 322 022</b>	<b>85 614</b>	<b>614</b>	<b>1 408 250</b>
Additions	4 533	241 953	0	246 486
Transfer	217 153	-217 153	0	0
Disposals	-216 601	0	0	-216 601
Translation adjustment	-18 692	0	0	-18 692
<b>Cost price 31.12.2021</b>	<b>1 308 415</b>	<b>110 414</b>	<b>614</b>	<b>1 419 443</b>
Acc. depreciations/ impairment				
01.01.2020	-659 596	0	-167	-659 763
Depreciation current period	-116 711	0	-60	-116 771
Impairment current period	-5 417	0	0	-5 417
Disposals	185 327	0	0	185 327
Translation adjustment	10 814	0	0	10 814
<b>Acc. depreciations/ impairment 31.12.2021</b>	<b>-585 583</b>	<b>0</b>	<b>-227</b>	<b>-585 810</b>
<b>Carrying value 31.12.2021</b>	<b>722 832</b>	<b>110 414</b>	<b>387</b>	<b>833 633</b>

Included in additions are capitalized interest of USD 0.8 million and USD 0 million respectively as of December 31, 2022 and December 31, 2021. For description of pledged assets see Note 10 – Mortgages other long-term liabilities and guaranteed liabilities.

The Group's future cash flows may be impacted by climate-related risks, including environmental changes or more stringent environmental regulations. Such changes may impact accounting estimates in future periods, including financial performance and useful lives of the Group's vessels.

### Impairment valuation

Each balance sheet date, Management evaluates if there are any impairment indicators for each of its vessels. In 2022 there was no impairment. In 2021, Management determined impairment indicators for the vessel M/T Anneleen Knutsen. We calculated the net present value of future cash flows (DFC analysis), in which we applied a WACC of 6.49 % for M/T Anneleen Knutsen. Based on the results of our impairment test, we recorded an impairment charge of USD 5.4 million. The estimated cash flows for our vessels are impacted by future market conditions including residual value. The impairment valuation of vessels is also sensitive to changes in the WACC. A one percentage point increase in the WACC would result in an increased impairment charge of USD 0.1 million.



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## NOTE 4 Vessels under Construction and Conversion

### Accounting policies

#### New building contracts

Instalments on new building contracts are recorded in the balance sheet as fixed assets. Costs related to on-site supervision and other pre-delivery construction costs including borrowing cost are capitalized per vessel under construction. When a new building is delivered from the yard the depreciation begins.

The Group has two vessels under construction as of December 31, 2022 (three newbuilding's as of December 31, 2021). As of December 31, 2022 contractual commitments for the construction of new buildings amounted to USD 227 million.

	2022	2021
Investment in vessels under construction	6 601	110 414

## NOTE 5 Goodwill

### Accounting policies

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed all measured as of the acquisition date.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortization but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing assets are grouped at the lowest levels for which there are separately identifiable cash-flows known as cash generating units.

The remaining carrying value of goodwill on December 31, 2022, and 2021 was as follows:

	2022	2021
Balance on December 31.	74 793	74 793

The Group performed an impairment test of goodwill as of December 31, 2022, in which calculated recoverable amount is the higher of value in use and fair value less costs to sell. Fair value less costs to sell is determined as the average of two independent brokers' estimates less estimated selling expenses while value in use is the present value of the future cash flows from continuing use and ultimate disposal expected to be derived from the cash generating unit.

The cash generating unit (CGU) is the whole fleet of Knutsen NYK Offshore Tankers Group. The Group have used different discount rates depending on the functional currency of each vessel and the period that each specific vessel or project generates cash flow to reflect the difference in the observable risk-free interest rates for the different period of time. This is consistent with management internal reporting and former years assessments.

The cash flows for the remaining useful lives of the vessels are used to calculate the value in use and are based on future budgets with management's expectations on day rates and operating expenses for the tankers being operated by Knutsen NYK Offshore Tankers Group. The Group has used a discount rate (WACC) for the corresponding period of cash-flow. The discount rate (WACC) applied is 8.84 % for projects with an expected remaining lifetime of 10 years or more, 8.86 % for 7 to 10 years, 8.90 % for 5 to 7 years, 9.00 % for 3 to 5 years and 9.39 % for up to 3 years cash-flows at the end of 2022. The discount rate (WACC) applied is 8.47 % for NOK project with expected remaining lifetime of 10 years or more.



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## Key assumptions used in value-in-use calculation

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rates
- Operating expenses including future drydocking expenses
- Freight rates
- Useful life
- Steel price

Discount rates – Discount rates reflect the current market assessment of the risks specific to the cash generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital (WACC) for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash-flows have not been adjusted.

The future expected cash flow is based on the Group's long-term budget with an estimated escalation of 3.5 % on the operating expenses for 2023 and a yearly escalation of 2 % on the operating expenses after 2023. The future expected periodic maintenance expenses are based on expected periodic maintenance expenses in the budget. Freight rates are based on actual contracts or expected market charter rates in the budget. The useful life in the calculations is weighted based on different scenarios with the scenario in the budget as the most likely case. The estimated net selling price at the end of the useful life is calculated as the current steel price less net sales expenses. The Group uses Fearnley's monthly report for scrap price for tank tonnage as estimate for the steel price.

## Sensitivity to changes in assumptions

As of the measurement date the recoverable amount of the cash-generating unit based on the highest of the value in use and fair value less costs to sell is higher than the carrying amount relevant for the impairment test. Management believes that none of the anticipated changes in key assumptions which can rationally be expected would cause the carrying amount of the cash-generating units to exceed the recoverable amount.

## NOTE 6 Investments in Associates

### Accounting policies

#### Investment in associates

The Group's investment in its associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but does not control. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. The reporting dates of the associates and the Group are the same and the same accounting policies are applied upon recognition of the associates.

Investments in associates are recognized initially at cost. The Group's investment includes goodwill identified on acquisition net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee the carrying amount of that interest including any long-term investments is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Profits and losses resulting from transaction with associated companies are recognized in the Group accounts only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's profits and losses resulting from these transactions are eliminated. When the Group's investment in an associate is reduced by other than an actual disposal commonly referred to as "deemed disposal" a resulting gain or loss is recognized when the Group continues to apply the equity method.



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Entity	Country	Segment	Ownership interest	Carrying amount
KNOT Offshore Partners LP	Marshall Island	Shuttle Tankers	30.47 %	
<b>Investment in associates 01.01.2021</b>				<b>184 651</b>
Purchase Preferred units				4 000
Purchase GP (General Partner) units				451
Incentive Distribution Rights exchange (1)				24 325
Dividend 2021				-22 345
Net income from associates 2021				7 910
<b>Investment in associates 31.12.2021</b>				<b>198 993</b>
Dividend 2022				-22 141
Income from associates 2022				14 702
<b>Investment in associates 31.12.2022</b>				<b>191 554</b>

(1) Knutsen NYK Offshore Tankers AS and KNOT Offshore Partners LP agreed to exchange the Incentive Distribution rights held by the company in the Partnership into 50% common units and 50% class B units. The class B units will be converted into common units over 8 quarters the first time in 4th quarter 2021. The class B units is subordinated and the conversion can be adjusted if the Partnership reduces the quarterly dividend per unit down from 0.52 USD. 4/8 of the class B units have been converted to common units during 2022. At year end 2022, there have been 5 conversions out of 8, and 3 possible conversions remain at period end.

A summary of financial information for our share of the associate for the year 2022 (30.47 % share) and 2021 (30.47 % share).

<b>{USD 1 000} based on IFRS</b>	<b>2022</b>	<b>2021</b>
Gross revenue	81 828	85 650
Net income	17 874	9 449
Assets	528 274	511 007
Liabilities	355 254	331 649
Equity (2)	173 020	179 358

(2) Under IFRS the preferred units have been defined as liabilities.

KNOT Offshore Partners LP is listed on the New York Stock Exchange and experienced a decrease in its unit price during 2020 and towards the end of 2022 in which the unit price was approximately USD 9.63 per common unit as of December 31, 2022 (USD 13.4 per common unit as of December 31, 2021) implying fair value of the investment of USD 103 million. Management considered impairment indicators as required by IAS 28 *Investments in Associates* and determined the investment was not impaired as of December 31, 2022.

## NOTE 7 Sale of business

KNOT Offshore Partners LP (KNOP) is listed on New York Stock Exchange. KNOP is a limited partnership whose limited partnership units are available to investors and traded on public exchanges like corporate shares. KNOT has agreed with KNOP to offer all shuttle tankers with charter contracts of 5 years or more to KNOP at fair value. The partnership agreement restricts KNOT's influence in KNOP with the consequence that KNOP is not considered under KNOT's control.

In July 2022, the Group offered, and KNOP used their right to purchase the Group's interest in KNOT Shuttle Tankers 35 AS, the owner of M/T Synnøve Knutsen. The Group recognized gain on sale of business of USD 18.1 million through the transaction in 2022. There were no sales transactions between the parties in 2021.



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## NOTE 8 Financial instruments

### Accounting policies

#### Financial assets

The Group's financial assets are; receivables, contract assets, derivative financial instruments and cash and cash equivalents (see note 9).

#### Financial liabilities

The Group's financial liabilities are; interest bearing loans (see note 10), accounts payables, contract liabilities, accruals, and derivative financial instruments with negative market value.

#### Trade and other receivables:

Trade and other receivables represent amounts owed by customers where the right to payment is conditional only on the passage of time. Trade and other receivables are recognized initially at their transaction price since our receivables do not contain a significant financing component and are subsequently measured at amortized cost less loss allowance.

#### Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due a contract asset is recognized for the earned consideration that is conditional.

#### Impairment:

For trade receivables and contract assets the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore the Group does not track changes in credit risk but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Account payables and other payables:

Account payable and other payables consist of amounts owed to suppliers that have been invoiced or are accrued. Payables are measured at their nominal amount since the effect of discounting is not material.

#### Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Group fulfils the performance obligation(s) under the contract.

#### Derivatives:

Derivatives are classified as financial assets/liabilities at fair value through profit and loss.

The balance and classification of financial assets other than cash and cash equivalents (note 9) on December 31. are presented in the table below:

	31.12.2022			31.12.2021		
	Amortized cost	Fair value through profit and loss	Total	Amortized cost	Fair value through profit and loss	Total
<b>Financial assets</b>						
Long-term receivables	65	0	65	21	0	21
Financial assets (derivatives)	0	4 739	4 739	0	700	700
<b>Total non-current financial assets</b>	<b>65</b>	<b>4 739</b>	<b>4 804</b>	<b>21</b>	<b>700</b>	<b>721</b>
Accounts receivable	29 166	0	29 166	15 900	0	15 900
Receivables related parties	6 928	0	6 928	687	0	687
Financial assets (derivatives)	0	2 715	2 715	0	8	8
Other receivables*	17 300	0	17 300	12 668	0	12 668
<b>Total current financial assets</b>	<b>53 394</b>	<b>2 715</b>	<b>56 109</b>	<b>29 255</b>	<b>8</b>	<b>29 263</b>

The balance and classification of financial liabilities other than interest-bearing debt (Note 10) and lease liabilities (Note 12) on December 31. are presented in the table below:



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	31.12.2022			31.12.2021		
	Amortized cost	Fair value through profit and loss	Total	Amortized cost	Fair value through profit and loss	Total
<b>Financial liabilities</b>						
Deferred income (contract liability)	670	0	670	839	0	839
Financial liabilities (derivatives)	0	0	0	0	934	934
<b>Total non-current financial liabilities</b>	<b>670</b>	<b>0</b>	<b>670</b>	<b>839</b>	<b>934</b>	<b>1 773</b>
Accounts payable	12 546	0	12 546	8 863	0	8 863
Current financial liabilities (derivatives)	0	0	0	0	2 767	2 767
Other current liabilities to associated companies	1 771	0	1 771	3 028	0	3 028
Other current liabilities	20 074	0	20 074	12 380	0	12 380
<b>Total current financial liabilities</b>	<b>34 391</b>	<b>0</b>	<b>34 391</b>	<b>24 271</b>	<b>2 767</b>	<b>27 038</b>

\* IFRS 15 requires separation of contract assets and contract liabilities from other assets and liabilities. The contract assets in the Group consist of prepayments of revenues in the service element in the time-charter agreements. The contract liabilities in the Group consist of prepayments of costs regarding the service element in the time-charters. Due to the limited size of contract assets and contract liabilities and that the service element is not split in the revenue from leasing contracts the contract assets and contract liabilities are not separated on an accounting line or split in the notes other than the deferred income presented in the table above.

Based on the simplified approach in calculating the ECL the Group has the following credit loss allowances on December 31. (for description of credit risk in the Group see note 11).

	31.12.2022			31.12.2021		
	Gross Carrying value	Expected credit loss allowance	Total	Gross Carrying value	Expected credit loss allowance	Total
<b>Assets</b>						
Long-term receivables	65	0	65	21	0	21
Trade Accounts receivable	29 368	-202	29 166	15 900	0	15 900
Receivables related parties	6 928	0	6 928	687	0	687
Other receivables	17 300	0	17 300	12 668	0	12 668
<b>Sum financial assets</b>	<b>53 661</b>	<b>-202</b>	<b>53 459</b>	<b>29 276</b>	<b>0</b>	<b>29 276</b>

Based on the historic trend and expected performance of the customers the Group believes that the above expected credit loss allowance sufficiently covers the risk of default.

## NOTE 9 Cash and Bank Deposit

### Accounting policies

#### Cash and bank deposit

Cash and bank deposit comprise of cash in hand, short-term deposits and other short-term and highly liquid investments with maturity dates of less than three months. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

#### Restricted bank deposits

Cash and bank deposits may be restricted for several reasons: it may be used to satisfy the terms of long-term debt obligations held as security in the form of letter of guarantee or letter of credit or specifically designated for acquisition or construction of long-term assets held in escrow account.



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As at December 31, the balance of cash and bank deposit in the cash flow statement consist of the following:

USD 1 000	2022	2021
Cash and bank deposit	79 571	56 256
Restricted bank deposit	3 961	26 232
<b>Total cash and bank deposit</b>	<b>83 532</b>	<b>82 488</b>

Restricted bank deposits were placed on escrow and a pledged retention account for security for certain guarantees and financing agreements.

## NOTE 10 Mortgages other long-term liabilities and guaranteed liabilities

### Accounting policies

#### Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing debt is stated at amortized cost using the effective interest method.

.....

	31.12.2022	31.12.2021
Mortgage loans	641 979	534 319
Other interest-bearing loans	43 668	52 309
Sellers Credit 1)	14 492	14 153
Capitalized borrowing cost	-7 623	-6 555
<b>Total long-term interest-bearing loans and borrowings</b>	<b>692 516</b>	<b>594 226</b>

Current interest-bearing loans and borrowings	149 040	175 226
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<b>Total interest-bearing loans and borrowings</b>	<b>841 556</b>	<b>769 452</b>
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- 1) The last instalments on M/T Tuva Knutsen and M/T Live Knutsen construction contracts with COSCO (Zhoushan) Shipyard Co., Ltd. in China is payable three years after the deliveries of the vessels with USD 7.5 million for each vessel. The instalment is booked as a seller's credit with the net present value on the delivery of the vessel and the investment on the vessel. The interest is expensed over the profit and loss statement during the term of the credit.

Book value of collateral	31.12.2022	31.12.2021
Bank deposits	37 743	54 648
Account receivables	14 859	8 852
Vessels	917 891	839 356
Investments in associates	133 170	138 341
<b>Total booked value</b>	<b>1 103 663</b>	<b>1 041 197</b>



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## Changes in liabilities arising from financing activities

	January 1, 2022	Sale of business	Cash flow	Amortization of deferred debt issuance costs	Foreign exchange differences	December 31, 2022
Long term liabilities to financial institutions	580 073	-82 331	187 744	2 373	-9 835	678 024
First year instalments long term debt	175 226	-4 738	-21 448	0	0	149 040
Lease liabilities	27 416	0	-6 434	0	0	20 982
<b>Total liabilities from financing activities</b>	<b>782 715</b>	<b>-87 069</b>	<b>159 862</b>	<b>2 373</b>	<b>-9 835</b>	<b>848 046</b>

The Group's external interest-bearing debt is incurred by the ship owning companies and Knutsen NYK Offshore Tankers AS. If there is any debt in the ship owning company the vessels in the company are typically placed as security for ship mortgages together with the company's cash deposit and normal factoring pledge.

For most of the ship mortgages Knutsen NYK Offshore Tankers AS has guaranteed the debt in the ship owning companies.

The ship mortgage agreements include various financial covenants and securities but the following requirements tend to be included in the agreements with the Group's banks:

- The charter free market value of the pledged vessel(s) amounts is at least 110 % to 135 % of the outstanding loans
- Minimum liquidity requirements of the borrower ranging from USD 0.25 – 1.0 million

In addition the following financial covenants tend to be applicable for the Knutsen NYK Offshore Tankers AS (calculated on a consolidated basis for the Group) as guarantor of the loans:

- Working capital: Maintain positive working capital (next 12 months instalments to be excluded from current liabilities)
- Liquidity: Maintain free and available cash and cash equivalents on hand minimum USD 25 million and an amount equal to 4 % of the interest-bearing debt
- Minimum Equity Ratio: Minimum book equity ratio of 30 %

All financial covenants required to the Group's various ship owning companies and Knutsen NYK Offshore Tankers AS as guarantor of the loans were fully in compliance on December 31, 2022.

The Group has also secured non-amortizing credit facilities and an amortizing revolving credit facility in the total amount of USD 241.3 million at parent level. The amortizing facility and one of the non-amortizing facilities are secured by 7.4 million units in NYSE (New York Stock Exchange) listed KNOT Offshore Partners LP and the other non-amortizing are unsecured. As of December 31, 2022, USD 146.5 million of the revolving credit facilities have been drawn.

All the Group's external interest-bearing debt was at year-end denominated in USD except for the financing of the M/T Hanne Knutsen which is primarily denominated in Norwegian Kroner (NOK), the same currency that the charter hire is received in for that vessel. This secures a natural hedge of the currency risk for the project. The outstanding principal amount of the Martin Linge facility was at year-end 2022 NOK 905 million (USD 91 million at the Group balance) of which NOK 677 million was denominated in NOK and the remaining part in USD.

The Group took delivery of M/T Tuva Knutsen and M/T Live Knutsen in 2021. The last instalments on the vessel construction contracts with COSCO (Zhoushan) Shipyard Co., Ltd. in China is payable three years after the delivery of the vessel with USD 7.5 million for each vessel. The instalments is booked as a seller's credits with the net present value on the delivery of the vessels and the investment on the vessels. The interest is expensed over the profit and loss statement during the term of the seller's credits.



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## NOTE 11 Financial Risk Management

### General

The Group is exposed to financial market risk regarding currency interest rates and freight rates through its operations. The financial market risk is monitored continuously and the Group uses financial derivatives to reduce the risk when this is considered to be beneficial. If financial derivatives are appropriate to mitigate risks we favor utilizing conventional derivatives rather than exotic derivatives. In order to avoid counterparty risks the Group only deals with recognized financial institutions. Derivatives are solely used to manage risk related to fluctuations in interests and currency rates. The Group does not use financial derivatives to achieve financial income if no underlying exposure exists. Management continuously evaluates the effect from financial instruments on the accounts with a view to hedge accounting. Based on this evaluation hedge accounting is not used.

As with all global shipping activities, our operations are subject to risks related to outbreaks of infectious diseases. Governments in Corona affected countries are, though temporary in measure, imposing travel bans quarantines and other emergency public health measures. The Group strives to tackle continuous challenges and changes in the pandemic environment, ensuring safe trading of our vessels with regular crew change whilst also ensuring that our newbuilding's are delivered timely to entertain agreed charter contracts commitments.

### Capital structure

The Group has a capital-intensive business model in which the capital requirement mainly relates to investments in new vessels, conversion of vessels and repayment of debt. Interest and installments on the long-term financing will normally be repaid with the operating cash flows from the related investments mainly from cash-flows from the operation of vessels.

The Group aims at securing long-term financing of new investments from acknowledged international financial institutions. The terms of such financing will normally be influenced by the risk profile of the investments itself.

The Group's strategy is to have advanced vessels on long-term charters with first class charters and this strategy is much appreciated by banks. Since the Group has relationships with an extensive list of top tier banks with a geographical spread. The Group is dependent on the banking market but has mitigated this dependency by diversifying the bank group both in numbers and geographical location. Further, the Group is exposed to the capital markets including potential impact on covenants by the investment and agreements with KNOT Offshore Partners LP where KNOT is its sponsor, offering drop down vessels with contracts, is the general partner (KNOT Offshore Partners GP LLC) and is the largest unit holder.

### Credit risk

The Group is exposed to potential losses on accounts receivable. The credit risk within our segment is regarded as very low. The company's debtors are mostly major energy companies, and it is considered fairly unlikely that they will fail to meet their obligations towards us as this means that they will not be able to transport their crude oil to onshore terminals. Distributing crude oil is imperative for the cash flow of exploration & production companies. The maximum credit exposure is regarded as equal to the size of the gross accounts receivable, i.e., USD 29.4 million. The Group is also exposed to potential losses if the agreement counterpart in a derivative contract should fail to fulfil its payment obligations on the settlement date. However, the company does not expect any of the parties to fail to fulfill their obligations since derivative contracts are only entered into with recognized financial institutions and most of the contracts are swaps where the Mark to Market tends to be minor compared to the nominal size of the contracts. No hedging against credit risk was undertaken in 2022 and 2021. Ongoing provisions are made and historically the loss percentage has been very low. As per December 31, 2022, USD 0.2 million was allocated for outstanding account receivable (USD 0.2 million as per December 31, 2021).

Ageing trade accounts receivables pr. 31.12.2022	Not yet due	0 - 1 month overdue	1- 3 months overdue	Older than 3 months
Trade accounts receivable	18 496	9 442	1 403	27

Ageing trade accounts receivables pr. 31.12.2021	Not yet due	0 - 1 month overdue	1- 3 months overdue	Older than 3 months
Trade accounts receivable	14 035	1 164	184	718



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## Interest risk

The Group's exposure to fluctuations in interest rates is mostly due to its long-term liabilities with floating interest rates. Regarding interest rate fluctuations the strategy is to limit the impact on cashflow due to fluctuations in the interest rate level. Depending on the development in the interest market the Group enters into diverse types of interest rate contracts.

As of December 31, 2022, the Group has 11 fixed interest rate contracts with 1.8 – 4.5 years remaining maturity for approximately 13 % of total debt. The remaining 87 % of the mortgage debt has floating interest.

The following table shows the sensitivity of the Group's result before taxes at a reasonable change in the interest rate while all other variables are unchanged:

Increase/ decrease of basis points		Effect on profit before taxes (USD 1 000)
+ / - 100	2022	+ / -7 220
+ / - 100	2021	+ / -5 931

As of December 31, 2022, the interest swaps have a positive value of USD 7.0 million.

## Foreign currency risk

The Group's reporting currency is USD as revenues are predominantly denominated in USD. The Group receives revenues and lease income in USD and NOK. Shuttle tankers and ship management fees are normally received in USD. The time charter hire for M/T Hanne Knutsen and crew element of M/T Jorunn Knutsen is received in NOK and some of the management services is received in NOK. If the currency rate in 2022 had been 10 % higher / -lower than actual, this would have resulted in USD 6.3 million lower / USD 7.8 million higher revenues (in 2021 similar effect would have been USD 6.8 million lower / USD 8.3 million higher).

Operating expenses are mainly denominated in USD, CAD, DKK, and NOK but the Group also has some costs in EUR and BRL as well as other currencies.

Changes in exchange rates will thus have an effect on the operating expenses of the Group. The primary effect is the development of NOK in relation to USD, as the Group has a substantial portion of NOK costs while income is almost exclusively USD (apart from M/T Hanne Knutsen). Consequently, such currencies' fluctuations will affect the Group's profit and loss before tax. In general, a strong USD is positive for the Group as our operating costs become more competitive in relation to our charter income.

In order to reduce foreign exchange risks related to operating expenses, the Group does from time to time enter into foreign exchange swaps where the Group secures NOK and EUR against USD.

The following table shows the sensitivity of the Group's profit and loss before tax due to changes in NOK, EUR, and other currencies versus USD. All other variables remain unchanged. These variations are mainly due to changes in the Group's operating expenses.

Increase/decrease in all currencies		Effect on profit before taxes (USD 1 000)
+ / - 10%	2022	+ / - 11 412
+ / - 10%	2021	+ / - 11 530

Increase/decrease in NOK		Effect on profit before taxes (USD 1 000)
+ / - 10%	2022	+ / - 6 847
+ / - 10%	2021	+ / - 6 918

Increase/decrease in EUR		Effect on profit before taxes (USD 1 000)
+ / - 10%	2022	+ / - 1 712
+ / - 10%	2021	+ / - 1 730

As of December 31, 2022, the foreign exchange contracts have a positive value of USD 0.4 million.



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## Liquidity risk

The Group's strategy is to have sufficient cash and cash equivalents to ensure ongoing operations, future growth and avoid costs associated with financial distress. The Group monitors the risk of insufficient liquidity by extensive cashflow analysis. Risk management includes maintenance of sufficient liquid assets and the possibility of financing through credit facilities. The Group are continuously working to secure refinance of maturing debt 3-18 months before maturity and for 2023, the Group has one vessel, M/T Grena Knutsen, which has been on a lease agreement and which was redelivered on February 1, 2023, and financing of two newbuildings. The following table shows the maturity for the Group's financial obligations based on contractual undiscounted cash flows:

Pr. 31.12.2022	2023	2024	2025	2026	2027	2028 and thereafter
Interest bearing loans	170 847	158 878	108 221	100 835	133 572	178 063
Trade accounts payable	12 546	0	0	0	0	0
Interest rate swap expenses	-3 051	-2 419	-1 595	-1 185	-497	0
Foreign exchange rate contracts	-424	0	0	0	0	0
Total	179 918	156 959	106 626	99 650	133 075	178 063

## Capital management

One of the Group's main goals is to maintain its strong creditworthiness and solidity to support the Group's business and to maximize shareholder value over time. The Group manages and adjusts its capital structure based on changes in economic structures and assumptions.

The Group monitors the capital based on equity versus total assets. The ratio is calculated as booked equity, divided by total assets. The aim is to have a ratio above 30 % which the owners think is prudent and satisfactory given our strong backlog of contracted revenue. This corresponds with the Group covenant requirement in most of the loan agreements.

December 31st	2022	2021
Total equity	481 356	455 580
Total assets	1 381 695	1 283 928
	35 %	35 %

## Interest risk

The following table shows the fixed interest contract and the mark to market value:

	Nominal value	Currency	Fixed rate *	Value as at 31.12.2022	Value as at 31.12.2021
Interest swap contract (USD)	77 350	USD	1.41 %	6 502	-2 289
Interest swap contract (NOK)	350 000	NOK	2.28 %	528	-669

\*weighted average

## Financing risk

The Group has a solid financial position both in terms of liquidity and solidity. The Group is able to raise debt financing at fairly attractive terms.

## Fair value

Estimated market values of financial instruments are determined by comparing the terms of the instruments against the current market rate. The nominal value of cash and loan obligations are a reasonable estimate of the items' market value. The estimated fair value of the Group's long-term loan obligations is based on the interest level at the balance sheet date. The value of the Group's financial derivatives is fixed at the market value on the balance sheet date. A thorough evaluation must be done prior to fixing the estimated market value. The estimates therefore do not necessarily indicate the current value that can be realized if the market is not functioning well. The fair values of the shares in a non-registered organization are estimated in their latest financial report and therefore a thorough evaluation is required prior to estimating the market value.



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The fair value of long-term liabilities subject to fixed interest rates is calculated by comparing the Group's terms and the market terms for liabilities with the same terms to maturity and credit risk. As of December 31, 2022 the interest swaps have a positive value of USD 7.0 million.

For cash and bank deposits, receivable (including accounts receivables and other receivables), interest bearing debt and payables (including account payables and other current liabilities), the fair value is assessed to approximate the carrying amount. Derivative contracts are recorded at fair value and valued at mark to market. Cash and bank deposits are considered to be at level 1 in the fair value hierarchy while the others are classified in level 2.

The following tables show the carrying values and fair values of the Group's financial assets and -liabilities:

	31.12.2022		31.12.2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>				
Other long-term receivables	65	65	21	21
Accounts receivables	29 166	29 166	15 900	15 900
Non-current financial asset	4 739	4 739	700	700
Current financial asset	2 715	2 715	8	8
Cash and bank deposits	79 571	79 571	56 256	56 256
Restricted bank deposit	3 961	3 961	26 232	26 232
Receivables from associated companies/related parties	6 928	6 928	687	687
Other receivables	17 300	17 300	12 668	12 668
<b>Sum financial assets</b>	<b>144 445</b>	<b>144 445</b>	<b>112 472</b>	<b>112 472</b>

	31.12.2022		31.12.2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Liabilities</b>				
Long-term financial liabilities	0	0	934	934
Short-term financial liabilities	0	0	2 767	2 767
Long-term Interest-bearing loans and borrowings	678 024	678 024	580 073	580 073
Short-term Interest-bearing loans and borrowings	149 040	149 040	175 226	175 226
Accounts payable	12 546	12 546	8 863	8 863
Other current liabilities to associated companies/related parties	1 771	1 771	3 028	3 028
Other current liabilities	20 074	20 074	12 380	12 380
<b>Sum financial liabilities</b>	<b>861 455</b>	<b>861 455</b>	<b>783 271</b>	<b>783 271</b>

## NOTE 12 Leases

### Accounting policies

The Group assesses whether a contract contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset whether the Group obtains substantially all the economic benefits from the use of that asset and whether the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date except for short-term leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments at the commencement date discounted using the interest rate implicit in the lease. If the rate cannot readily be determined the Group uses an incremental borrowing rate for discounting the payments. Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension options if the Group is reasonably certain to exercise.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation changes of an index or rate or in case of reassessment of options.



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At inception the ROU asset comprises the initial lease liability initial direct costs and the obligations to refurbish the asset less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

The ROU asset is subject to testing for impairment if there is an indicator for impairment as for the owned tangible fixed assets. The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The Group leases one vessel the M/T Grena Knutsen and has some office leases and several minor leasing agreements of satellite equipment in the ship-owning companies. The leases are typically made for a period of 5-10 years and include extension options which provide operational flexibility.

The lease payments of principal and interest for the financial year 2022 and 2021 were as follows (excluding short term leases):

	2022	2021
Repayment of principal	7 158	6 800
Interest	1 193	1 491

In addition, the Group has paid USD 14.5 million in 2022 and USD 6.4 million in 2021 in short term lease of M/T Bodil Knutsen and M/T Hilda Knutsen for 2022 and M/T Bodil Knutsen for 2021 which have been on time charters from KNOT Offshore Partners Group.

The future minimum rents at December 31, related to non-cancellable leases fall due as follows (excluding short term leases):

(USD 1 000)	Future minimum lease payment	Interest	Present value of min. lease payments
2023	22 102	295	21 807
2024	795	39	756
2025	494	19	475
2026	235	7	228
2027	89	1	88
2028	0	0	0
<b>Carrying value at December 31, 2022 for lease liabilities</b>			<b>23 354</b>

For the office rent there are some variable lease payment elements in the contract as adjustments based on index regulations and some foreign exchange effects since the lease payments are made in NOK but based on the limited size of the lease commitments this is considered to be immaterial.

There are no significant lease commitments that did not commence at year-end.

Right-of-use assets consists of the financial lease of M/T Grena Knutsen office leases and some satellite equipment.

	Vessel	Leased equipment	Office leases	Total right-of-use assets
<b>Cost price 01.01.2022</b>	<b>46 719</b>	<b>2 590</b>	<b>2 002</b>	<b>51 311</b>
Additions	0	763	0	763
Disposals	0	198	0	198
<b>Cost price 31.12.2022</b>	<b>46 719</b>	<b>3 155</b>	<b>2 002</b>	<b>51 876</b>
Acc. depreciation 01.01.2022	-28 447	-1 071	-1 044	-30 562
Depreciation current period	-5 384	-407	-348	-6 139
<b>Acc. depreciation 31.12.2022</b>	<b>-33 831</b>	<b>-1 478</b>	<b>-1 392</b>	<b>-36 701</b>
<b>Carrying value 31.12.2022</b>	<b>12 888</b>	<b>1 677</b>	<b>610</b>	<b>15 175</b>

For description of assets pledged see Note 10 - Mortgages other long-term liabilities and guaranteed liabilities.



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## NOTE 13 Stores

### Accounting policies

#### Stores

Store consists mainly of bunkers and lubricant oil onboard the vessels. Store is valued at cost as it is part of delivery of services. The cost of stores is based on the first-in first-out principle.

Bunkers on vessels chartered out on time-charter contracts are sold to the customer at the start of the charter period and the customer are responsible for the consumption and bunkering during the charter period. Bunkers used during CoA voyages are invoiced to the customers at our cost after finalizing the voyage. Stores at the balance sheet dates consists of:

	2022	2021
Bunkers	8 906	5 944
Lube oil	2 516	2 139
<b>Total stock</b>	<b>11 422</b>	<b>8 083</b>

## NOTE 14 Related Party Information

### Related parties

Knutsen NYK Offshore Tankers AS (KNOT) is owned 50% by TS Shipping Invest AS and 50% by NYK Holding (Europe) B.V. (a part of the NYK Group).

TS Shipping Invest AS is controlled by Trygve Seglem (Director, President and CEO of KNOT and TS Shipping Invest AS). All companies in which Trygve Seglem directly or indirectly control or companies in which Trygve Seglem has material influence in is considered as related party to the company and the Group. Trygve Seglem controls among others Knutsen OAS Shipping AS, Knutsen OAS Management AS, Knutsen OAS Crewing AS, SIA Knutsen Eastern Europe, Knutsen OAS ML AS and Knutsen OAS Offshore AS which in 2022 as well as in 2021 delivered management services and/or crewing services to the group.

Knutsen NYK Offshore Tankers AS owns units in KNOT Offshore Partners LP (30.47 % of the general partner-, Class B- and common units) and deliver different management services to the companies in that group.

Group activities include transactions with related companies and parties. All services between related parties are based on an arm's length principle with pricing based on costs incurred and allowing for a profit margin.

### Transactions with related parties

#### Management services

Some services will be taken care of for KNOT Management AS by employees from the TS Shipping Invest Group. The services will include hiring crew, HSSE and QA, purchasing, new building supervision, IT services, accounting, and administration services. All services are accounted for at cost plus profit margin. Knutsen NYK Offshore Tankers Group hires property from Seglem Eiendom Group, controlled by Trygve Seglem and his family including the Director of the Board, Jorunn Seglem.

	2022	2021
New building supervision fee and refunds to/from TSSI Group (1)	-2 832	-2 782
Hire project personnel from TSSI Group	1 166	134
Hire administration services from TSSI Group	6 422	5 472
Hire crew from TSSI Group	21 529	22 822
Hire administration services from NYK Group	435	472
Vessel hire from KNOP Group less commissions paid by KNOP	14 472	6 421
Management services to KNOP Group	10 680	9 898
Management services to TSSI Group	0	0
Management services to NYK Group	612	633
Hire of property from Seglem Eiendom Group	440	475
Hire of property and cars to NYK Group	102	86
Other operating expenses with other related parties (2)	384	740



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(1) fee for new building supervision are activated on the vessel under construction as paid.

(2) Includes simulation operational training assessment and other certified maritime courses for seafarers in addition to electrical installations on ships/offshore installations provided by companies where Trygve Seglem, his family and members of the TSSI management have significant influence.

A number of the Contracts of Affreightment (CoA) of which the operating subsidiaries vessels are servicing are formally entered into by either Knutsen OAS Shipping AS and/or Knutsen OAS (UK) Ltd. with end users. The CoA is formally not transferred but the economic effect of the contracts has been transferred to the operating entities in KNOT and a process to agree memorandum to the original agreements that the contracts will be transferred to KNOT Group.

## Guarantees

TS Shipping Invest Group has issued guarantee as security for one loan agreement. There have been paid a guarantee fee of 0.5 % pro anno of the guaranteed amount. Total guarantee fee paid to TS Shipping Invest AS during 2022 is USD 0.1 million (in 2021 USD 0.1 million). The performance guarantees have not been priced.

TS Shipping Invest Group has also guaranteed for payments to the yard for two of the new-buildings in the Group which is calculated in the same way as for the guarantees for the loan agreements. Total paid guarantee fees related to this agreement in 2022 is USD 0.2 million. As of December 31, 2022 TS Shipping Invest Group has guaranteed in total USD 239.7 million related to ship building contracts.

Pursuant to the Omnibus Agreement with KNOT Offshore Partners LP, KNOT indemnifies KNOP for a period of at least three years after our sale of vessels to KNOP against certain environmental and toxic tort liabilities with respect to the assets contributed or sold to KNOP, to the extent arising prior to the time they were contributed or sold to KNOP. There is an aggregate cap of USD 5 million on the amount of indemnity coverage provided by KNOT for environmental and toxic tort liabilities. No claim may be made unless the aggregate USD amount of all claims exceeds USD 0.5 million, in which case KNOT is liable for claims only to the extent such aggregate amount exceeds USD 0.5 million.

KNOT also indemnifies KNOP for liabilities related to:

- certain defects in title to the assets contributed or sold to KNOP and any failure to obtain prior to the time they were contributed to KNOP certain consents and permits necessary for KNOP to conduct their business which liabilities arise within three years after KNOP's purchase of the vessel as applicable; and
- certain tax liabilities attributable to the operation of the assets contributed or sold to KNOP prior to the time they were contributed or sold.

## Related party inter-company balances

At year end the following open short term ordinary operating receivables (+) and -payables (-) have been booked into the accounts to TS Shipping Invest Group and KNOP Group companies:

	Accounts receivables	Accounts payable
Total related parties	1 002	4 438

Other long- and short-term balances are presented with separate lines in the statements of financial position.

## Transactions with key management personnel

Trygve Seglem is the President, CEO and Board member of Knutsen NYK Offshore Tankers AS (the Company). He and his family are also the sole proprietor of TS Shipping Invest AS. Trygve Seglem has received salary payment from KNOT Group during 2022 as President and CEO, see note 15.

Regarding purchase and sale of companies and assets transactions with KNOT Offshore Partners LP, see Note 7.



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## NOTE 15 Voyage expenses, operating expenses vessels, other expenses, wages, employees, and distinctive contributions

### Accounting policies

Operating expenses are recognized when incurred.

### Voyage expenses

Voyage expenses are all expenses unique to a particular voyage, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls and agency fees. Voyage expenses are paid by the customer under time charters and bareboat charters.

Voyage expenses are paid by the Group for spot contracts and during periods of off-hire.

### Operating expenses vessels

Operating expenses include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses. Vessel operating expenses are paid by the Group for time charters, spot contracts and during off-hire.

Voyage expenses	2022	2021
Port expenses	9 922	3 683
Bunkers expenses	62 816	31 128
Commission expenses	2 406	325
Other voyage related expenses	7 619	17 282
<b>Total voyage expenses</b>	<b>82 763</b>	<b>52 418</b>

Operating expenses vessels	2022	2021
Technical cost	20 658	23 883
Bunkers and lubricating	2 438	1 086
Insurance	3 636	4 458
<b>Total operating expenses vessels</b>	<b>26 732</b>	<b>29 427</b>

Other expenses related to construction contract

	77	106
--	----	-----

Wages and personnel cost	2022	2021
Wages	9 368	10 115
Social security	673	702
Pension costs	779	765
Other benefits	250	248
Hire administrative personnel	6 949	6 136
Crew cost paid by third party	-4 983	-5 310
Hire personnel vessels	49 917	49 262
<b>Total personnel cost</b>	<b>62 953</b>	<b>61 918</b>
Average number of man-labour years	233	214

The crew members onboard vessels are hired from the ship managers or the ship managers crewing agents. Ship managers are listed below:

- Canship Ugland Ltd. – M/T Jasmine Knutsen and M/T Heather Knutsen
- KNOT Management Denmark A/S –M/T Gijon Knutsen
- KNOT Management AS - the remaining vessels

KNOT Management AS and KNOT Management Denmark A/S are consolidated into the group accounts. KNOT Management AS has no crew employed. Most of the crews on board KNOT Management AS' managed vessels are hired from TS Shipping Invest Group or companies related to that group.

The pension plans in the Norwegian companies meet the Norwegian requirements for a mandatory company pension (OTP).



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## Remuneration to executives, board of directors and auditor

Charged cost during the year	Director's fee	Wages	Other benefits	Pension cost
2022	0	330	43	8
2021	0	358	29	9

There are no distinctive agreements regarding remuneration for the Chairman of the Board and neither are there any distinctive bonus or option programs for any Board Member or key management personnel. No loans have been given to the company management. The President and CEO has an agreement securing 12 months' salary.

	2022	2021
Audit fees	141	188
Other assurance services	11	5
Tax services	3	3
<b>Total</b>	<b>155</b>	<b>196</b>

Audit fees relates to statutory audit of accounts. Fee for tax services primarily relates to tax compliance services while other assurance services relate to attestation services and accounting consultations on accounting matters.

## NOTE 16 Financial Items

### Accounting policies

#### Financial income and financial expenses

Financial income/-expenses are recognized in the income statement as they accrue using the effective interest method.

	2022	2021
<b>Financial income</b>		
Bank interest	977	110
Realized gain on foreign exchanges rate contracts	219	358
Other interest	0	0
Dividend from preferred units	400	0
Gain Incentive Distribution Rights exchange	0	24 325
<b>Total financial income</b>	<b>1 596</b>	<b>24 793</b>
<b>Financial expenses</b>		
Interests on debt and borrowings	-28 751	-15 916
Interest rate swap expenses	-1 537	-4 327
Realized loss on foreign exchanges rate contracts	-1 639	0
Interests on lease liabilities	-1 195	-1 491
Other financial expenses	-3 646	-3 380
<b>Total financial expenses</b>	<b>-36 768</b>	<b>-25 114</b>

## NOTE 17 Taxes

### Taxes

The tax expense in the financial statements consists of taxes payable and changes in deferred taxes.

Companies taxed under the Norwegian tonnage tax regime are not taxed on its net operating profit. Taxation under the tonnage tax regime requires compliance to stringent requirements and voluntary or compulsory exit from the regime will result in taxation of net profits based on ordinary taxation. Net financial income is taxed on a current basis of 22 %.



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Deferred tax is calculated using the liability method at 22 % of all temporary differences between the taxable value of assets and liabilities and their booked amounts at the end of the accounting year. Any temporary differences that may increase or decrease taxes that can be legally offset and are intended to be settled net are recorded net.

Deferred tax is calculated for assets and liabilities for which future realization will lead to payable tax.

Deferred tax assets are recognized to the extent that it is probable that adequate taxable profit will be generated to recover the tax asset. Anticipated utilization of tax losses is not discounted when calculating the deferred tax asset.

Tonnage tax paid under the tonnage tax regime is classified as operational expenses.

	2022	2021
Taxes payable (including correction tax)	188	12
Change in deferred taxes	1 688	4 206
Withholding taxes	0	0
Paid taxes	169	217
Currency differences	15	-23
Adjustment tax Ghana	2 839	0
Tax on ordinary result	4 899	4 412
<b>Specification of tax</b>		
Ghana tax - ordinary regime	2 839	49
Currency differences	14	-23
Brazilian tax - ordinary regime	354	132
Norwegian tax - ordinary regime	1 692	4 254
Total tax on ordinary result	4 899	4 412
<b>Temporary differences:</b>		
Vessels	-12 782	-22 598
Gain and loss accounts	-17 735	-12 883
Mortgage debt	-2 599	-3 012
Limited partnership shares	0	0
Financial current assets/-liabilities	1 265	-433
Tax loss carried forward	-100 820	-99 455
Other	-14 254	-16 219
Total temporary differences	-146 925	-154 600
<b>Tax effect of temporary differences:</b>	<b>2022</b>	<b>2021</b>
Vessels	-2 812	-4 972
Gain and loss accounts	-2 902	-2 834
Mortgage debt	-572	-663
Limited partnership shares	0	0
Financial current assets/-liabilities	278	-95
Tax loss carried forward	-22 180	-21 880
Other	-3 135	-3 568
Deferred tax net	-32 323	-34 011
<b>Changes in deferred tax in the balance sheet</b>		
Opening balance deferred tax	-34 011	-38 218
Booked to profit and loss	1 688	4 206
Ending balance deferred tax	-32 323	-34 012
<b>Payable tax in the balance sheet consist of</b>		
Other payable corporation tax	109	109
Total payable tax in the balance sheet	109	109



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## Analysis of effective tax rate

22 % of pre-tax result	9 974	-8 611
Currency effect deferred taxes	-1 928	-396
Permanent differences / Norwegian tonnage tax regime	-3 147	13 419
Estimated tax	4 899	4 412

The corporate income tax rate in Norway was 22 % in 2022 and 2021. Deferred tax on differences in values in associated companies with foreign partnerships has been included in the Group accounts. Further deferred tax is calculated on scenarios where a future realization will lead to a tax liability.

Deferred tax assets from losses carried forward in companies under ordinary tax regime in Norway are recognized since companies under ordinary tax regime are expected to have taxable income in the future.

## NOTE 18 Group Companies

The below companies are the Group's subsidiaries included in the financial statement. The Group companies' financial statements can be requested at the head office in Haugesund.

### SUBSIDIARIES INCLUDED IN THE FINANCIAL STATEMENT

Subsidiaries and sub-subsidiaries	Owner	Main activity	Company share capital	Annual results (statutory accounts)	Equity as of 31.12.22 (100%)
KNOT Management AS	Knutsen NYK Offshore Tankers AS	Management company in Norway	NOK 100 000	NOK 71 227 428	NOK 37 927 924
KNOT Management Denmark A/S *)	KNOT Management AS	Management company in Denmark	DKK 500 000	DKK 408 891	DKK 2 117 901
KNOT Management do Brasil Ltda *)	KNOT Management AS	Management services in Brazil	BRL 2 789 532	BRL -1 328 270	BRL 1 442 415
Knutsen Atlantic Chartering AS	Knutsen NYK Offshore Tankers AS (90%) and Knutsen Shuttle Tankers 3 AS (10%)	Dormant company	NOK 1 176 000	NOK -151 945	NOK 174 981 199
Knutsen Canadian Chartering AS	Knutsen NYK Offshore Tankers AS	Dormant company	NOK 1 176 000	NOK 2 228 814	NOK 125 098 600
Knutsen Newfoundland Chartering AS	Knutsen NYK Offshore Tankers AS	Dormant company	NOK 200 000	NOK -133 531	NOK 6 113 323
Knutsen Shuttle Tankers Pool AS	Knutsen NYK Offshore Tankers AS	Pool company for group vessels in CoA trade	NOK 1 000 000	-	NOK 1 000 000
Knutsen Shuttle Tankers 3 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Anneleen Knutsen, M/T Gijon Knutsen and M/T Siri Knutsen	NOK 300 000	NOK 32 729 426	NOK 188 903 052
Knutsen Tankers 3 AS	Knutsen NYK Offshore Tankers AS	Owner of 90% of Knutsen Shuttle Tankers Ghana Limited	NOK 100 000	NOK -1 894 503	NOK 35 157 503
Knutsen Shuttle Tankers Ghana Limited *) and **)	Knutsen Tankers 3 AS (90%)	Operation of shuttle tankers in Ghana	USD 222 000	USD -46 450	USD 2 698 343
KNOT FSO AS	Knutsen NYK Offshore Tankers AS	Owner of KNOT FSO 1 AS and KNOT FSO 2 AS	NOK 100 000	NOK 18 495 637	NOK 932 253 537
KNOT FSO 1 AS	KNOT FSO AS	Owner of M/T Hanne Knutsen	NOK 100 000	NOK 46 320 863	NOK 1 194 160 681
KNOT FSO 2 AS	KNOT FSO AS	Owner of M/T Jorunn Knutsen	NOK 100 000	NOK 33 216 545	NOK 14 906 376



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Subsidiaries and sub-subsidiaries	Owner	Main activity	Company share capital	Annual results (statutory accounts)	Equity as of 31.12.22 (100%)
KNOT Shuttle Tankers 23 AS	Knutsen NYK Offshore Tankers AS	Bare-boat owner of M/T Grena Knutsen	NOK 100 000	NOK 46 722 130	NOK 100 000
KNOT Shuttle Tankers 27 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Live Knutsen	NOK 100 000	NOK 18 599 951	NOK 143 671 442
KNOT Shuttle Tankers 29 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Jasmine Knutsen	NOK 100 000	NOK -2 623 127	NOK 233 692 913
NOT Shuttle Tankers 31 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Tuva Knutsen	NOK 100 000	NOK 29 959 673	NOK 182 818 942
KNOT Shuttle Tankers 33 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Heather Knutsen	NOK 200 000	NOK -43 944 150	NOK 257 356 442
KNOT Shuttle Tankers 37 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Daqing Knutsen	NOK 30 000	NOK -21 806 088	NOK 175 946 543
KNOT Shuttle Tankers 41 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Frida Knutsen	NOK 30 000	NOK -72 662 722	NOK 214 722 200
KNOT Shuttle Tankers 42 AS	Knutsen NYK Offshore Tankers AS	Owner of M/T Sindre Knutsen	NOK 30 000	NOK -63 580 133	NOK 224 155 321
KNOT Offshore Partners GP LLC	Knutsen NYK Offshore Tankers AS	General Partner of KNOT Offshore Partners LP	USD 4 241 000	USD 1 476 976	USD 16 478 364

All the companies are Norwegian companies and have registered office in Haugesund, Norway except for KNOT Management do Brasil Ltda. the Brazilian company whose office is registered in Rio de Janeiro, KNOT Management Denmark A/S the Danish company whose office is registered in Copenhagen, Knutsen Shuttle Tankers Ghana Limited the Ghanaian company whose office is registered in Takoradi, and KNOT Offshore Partners GP LLC the Marshall Islands company whose office is registered in Aberdeen UK.

\*) The statutory accounts have not been finalized yet and the amounts disclosed are for 2021.

\*\*) Knutsen Shuttle Tankers Ghana Limited is owned 10% by the general manager of the company all the other companies are 100% owned by the Group.

## NOTE 19 Shareholder Information and Dividends

### Share Capital

Share capital consists of 106 790 960 shares with face value NOK 15.

Name of shareholder	Number of shares	Ownership - share in %
NYK Holding (Europe) B.V.	53 395 480	50 %
TS Shipping Invest AS	53 395 480	50 %
<b>Total shareholders</b>	<b>106 790 960</b>	<b>100 %</b>
Total Norwegian shareholders	53 395 480	50 %
Total foreign shareholders	53 395 480	50 %

Shares owned by the board of directors and the management	Number of shares
<b>The board of directors</b>	
Trygve Seglem (indirect via TS Shipping Invest AS)	37 376 836
Jorunn Seglem (indirect via TS Shipping Invest AS)	8 009 322
<b>Total</b>	<b>45 386 158</b>



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## NOTE 20 Commitments and Contingent Liabilities

### Accounting policies

#### Provisions

Provisions are recognized in the financial statements if the Group considers it probable there is a legal or constructive obligation as a result of past events that an outflow of resources will be required to cover its liabilities and if the amount can be reliably estimated. All provisions are reviewed each balance sheet date and adjusted if necessary to reflect a more accurate estimate. In instances where the timeframe may be of significance a provision is made for the current value of future payments to cover liabilities. Provisions are not made for future operating losses. Contingent liabilities are disclosed unless the possibility of an outflow of economic resources is remote.

#### Claims and legal proceedings

The Group is from time to time involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial position results of operations or cash-flows.

## NOTE 21 Subsequent Events

The Group has evaluated subsequent events from the balance sheet date through March [28], 2023 the date at which the audited consolidated financial statements were available to be issued and determined that there are no other items to disclose except as follows:

On 1 February 2023, the Group delivered the 2003-built M/T Grena Knutsen shuttle tanker to its buyer for further trade as tanker and received total proceeds of approximately USD 27.6 million.

The Group has from 1 March 2023 chartered in M/T Torill Knutsen from KNOP on a 10 months fixed period until 1 January 2024. M/T Torill Knutsen is operated in the CoA portfolio in Knutsen Shuttle Tankers Pool.



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**KNOT** Knutsen  
NYK Offshore  
Tankers

## Annual Report 2022

### Company Account

Knutsen NYK Offshore Tankers AS

[www.knotgroup.com](http://www.knotgroup.com)



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**Knutsen NYK Offshore Tankers AS**

**Profit and loss statement**

<b>NOK 1</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>OPERATING INCOME</b>			
Total operating income		<u>0</u>	<u>0</u>
<b>OPERATING EXPENSES</b>			
Crew-hire		0	833 480
Administration expenses	2	2 029 246	2 584 214
Other operating expenses		<u>-352 459</u>	<u>-23 620</u>
Total operating expenses		<u>1 676 787</u>	<u>3 394 074</u>
<b>Operating result</b>		<u><b>-1 676 787</b></u>	<u><b>-3 394 074</b></u>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Financial income	3	808 373 269	696 357 752
Foreign exchange gain/-loss		-196 130 335	-62 640 270
Financial expenses	3	<u>-106 492 675</u>	<u>-385 102 559</u>
Net financial income and expenses		<u>505 750 259</u>	<u>248 614 922</u>
<b>Profit before tax</b>		<u><b>504 073 472</b></u>	<u><b>245 220 849</b></u>
Tax	4	<u>-27 348 922</u>	<u>44 471 044</u>
<b>Profit for the period</b>		<u><b>531 422 394</b></u>	<u><b>200 749 804</b></u>



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**Knutsen NYK Offshore Tankers AS**

**Statements of financial position**

<b>NOK 1</b>	<b>Notes</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Deferred tax assets	4	50 459 622	30 894 170
Investments in subsidiaries	5	4 731 380 506	4 893 199 007
Loan to group companies		108 999 046	92 655 991
Investments in associated companies	5	1 278 207 586	1 278 207 588
<i>Total fixed assets</i>		<u>6 169 046 762</u>	<u>6 294 956 756</u>
<b>CURRENT ASSETS</b>			
Other short-term receivables		1 311 742	4 881 788
Receivable related parties		0	373 080
Group receivables		65 699 080	21 911 505
Group contributions		175 555 232	385 368 661
Other financial instruments		4 199 308	66 825
Cash and bank deposits	6	225 000 143	112 596 278
<i>Total current assets</i>		<u>471 765 505</u>	<u>525 198 137</u>
<b>TOTAL ASSETS</b>		<b><u>6 640 812 267</u></b>	<b><u>6 820 154 892</u></b>



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## Knutsen NYK Offshore Tankers AS Statements of financial position

NOK 1	Notes	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1 601 864 400	1 601 864 400
Share premium		598 428 328	598 428 328
<i>Total paid-in capital</i>		<u>2 200 292 728</u>	<u>2 200 292 728</u>
Other equity		2 337 525 904	1 806 103 510
<i>Total other equity</i>		<u>2 337 525 904</u>	<u>1 806 103 510</u>
<b>Total Shareholders' Equity</b>	7	<b><u>4 537 818 632</u></b>	<b><u>4 006 396 238</u></b>
<b>LONG TERM LIABILITIES</b>			
Financial liabilities		0	1 621 231
Liabilities to financial institutions	8	1 443 417 850	1 548 667 555
Group debt		393 275 771	585 768 896
<i>Total long term liabilities</i>		<u>1 836 693 621</u>	<u>2 136 057 682</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors		30 494	99 163
Accrued interest		7 461 546	5 264 315
Current liabilities group		8 380 545	2 929 218
Group contributions		240 805 199	668 286 877
Current liabilities to related parties		0	386 663
Other financial instruments		0	378 428
Other current liabilities		8 622 230	356 308
<i>Total current liabilities</i>		<u>286 300 014</u>	<u>677 700 972</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b><u>6 640 812 267</u></b>	<b><u>6 820 154 892</u></b>

Eivind Steimler  
Chairman of the Board  
(This document is signed electronically)

Takashi Domyo  
Board member & EVP  
(This document is signed electronically)

Haugesund, March 28, 2023

Trygve Seglem  
Board member, President & CEO  
(This document is signed electronically)

Akira Kono  
Board member  
(This document is signed electronically)

Leif Teksum  
Board member  
(This document is signed electronically)

Arunn Seglem  
Board member  
(This document is signed electronically)



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## Knutsen NYK Offshore Tankers AS

### Cash flow statement

<b>NOK 1</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
The result for the year before taxes	504 073 472	245 220 848
Gain sale IDR	0	-212 068 750
Gain/loss from sale of subsidiaries	-49 652 733	5 429
Write-downs/-Reversal write-downs	-361 614 715	249 383 389
Changes in accounts receivables	3 570 046	-4 821 735
Changes in accounts payable	-68 669	-1 102 372
Changes in current receivables/payables to related parties	-13 583	-30 435 648
Changes in current group receivables/payables	-38 336 248	21 476 178
Foreign exchange gain/loss effects	199 936 952	62 298 408
Elements classified as investments/financing activities	-56 491 560	64 823 712
Changes in other current assets and liabilities	11 463 153	941 383
<b>Net cashflow from operations</b>	<b>212 866 115</b>	<b>395 720 842</b>
Sale and liquidation on subsidiaries	376 160 909	496 142
Repayment of equity from investments	896 759 454	378 481 712
Incorporation and acquisitions of subsidiaries	0	-26 143 347
Capital injections and group contributions to subsidiaries	-853 891 627	-592 803 205
Acquisitions in shares and units in associated companies	0	-33 502 346
Net change in loans to subsidiaries	-16 343 055	-34 900 966
<b>Net cashflow from investments</b>	<b>402 685 681</b>	<b>-308 372 010</b>
Net change of drawn amount under revolving credit facilities	-280 970 552	95 047 173
Net change in loans received from subsidiaries	-226 737 060	-160 671 016
Payment of dividend	0	-136 550 400
<b>Net cashflow from investments</b>	<b>-507 707 612</b>	<b>-202 174 244</b>
Effect of exchange rate changes on cash and cash equivalents	4 559 681	7 950 887
Net change in cashflow for the year	112 403 865	-106 874 525
+ Cash balance per 01.01.	112 596 278	219 470 801
<b>= Cash Balance per 31.12.</b>	<b>225 000 143</b>	<b>112 596 278</b>



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## NOTE 1 Accounting Principles

The financial statement is prepared in accordance with the fundamental accounting principles as laid out by the Norwegian Accounting Act of 1998 and generally accepted accounting standards in Norway.

### Investment in subsidiaries and associated companies

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

### Transactions in foreign currency

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out.

All current assets and current liabilities in foreign currencies are registered at the rate of exchange as per 31.12. Realized foreign exchange gain and foreign exchange loss are registered as financial items.

The mortgage debt is valued at the historical rate, to the extent that future net nominal income flow in the same currency exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealized foreign exchange loss on the exceeding amount is recorded.

Knutsen NYK Offshore Tankers AS finance the purchase and equity funding of subsidiaries and associated companies with loans in USD. USD is the functional currency for the majority of the subsidiaries and associated companies. Loans are valued at the rate of exchange at the year-end. Shares in limited companies and shares in subsidiaries and associated companies are valued including any currency gain or loss.

## NOTE 2 Employees and Remuneration

All personnel in the KNOT group are employed by the management companies. The company has no employees and thereby no pension liabilities (under the OTP regulation).

The company has not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

Auditors' fee recorded to the Profit & Loss account is specified below:

Auditors' fee (VAT not included)	2022	2021
Auditing	457 750	454 975
Other assurance services	0	17 063
<b>Total</b>	<b>457 750</b>	<b>472 038</b>



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## NOTE 3 Financial Income and -Expenses

	2022	2021
<b>Financial income:</b>		
Interest from Group companies /related parties	4 891 745	2 332 767
Dividend from insurance company	0	5 152 335
Distribution from preferred units	3 850 754	1 742 457
Unrealized Mark to Market currency swaps	4 510 911	0
Realized gain, currency swaps	1 913 754	2 996 213
Other interest income	1 670 367	1 428
Guarantee fees related parties	27 367 029	18 026 985
Disbursed profits from investments	197 829 147	158 082 468
Dividends/group contribution from subsidiaries	155 072 114	169 470 621
Gain conversion IDR	0	212 068 750
IDR KNOP	0	17 968 242
Reversal write down shares	361 614 715	64 329 640
Gain sale shares	49 652 733	44 185 846
<b>Total financial income</b>	<b>808 373 269</b>	<b>696 357 752</b>
<b>Financial expenses:</b>		
Interest paid to Group companies /related parties	19 956 694	19 043 822
Loss sale of shares	0	5 429
Realized loss currency swaps	17 327 438	0
Unrealized loss currency swaps	0	311 603
Other interest expenses	64 795 520	45 006 796
Realized and unrealized interest rate swaps	822 896	5 846 013
Write-down shares	0	43 788 198
Other financial expenses from group companies	3 393 496	983 809
Guarantee cost from related parties	0	176 236
Other financial expenses	196 631	15 822
<b>Total financial expenses</b>	<b>106 492 675</b>	<b>385 102 559</b>



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## NOTE 4 Tax

In the following a specification of the differences between the result before tax, and the basis for tax calculation is given.

	2022	2021
Profit before tax	504 073 472	245 220 848
Non-deductible items	-628 386 753	158 314 519
Change Temporary differences	-15 064 974	-8 046 657
Basis for tax calculation before Group contribution	-139 378 255	328 159 057
Net Group contribution not over profit & loss	35 379 411	-395 488 710
Basis for tax calculation after Group contribution	-103 998 844	0
Change in losses carried forward	103 998 844	0
Basis for tax payable	0	0

### Calculation of tax expenses

Tax payable	0	0
Correction taxable income last year	0	0
Change in deferred tax	-19 565 451	-42 536 473
Correction taxable income last year	0	0
Tax effect group contribution	-7 783 470	87 007 516
Tax calculated	-27 348 921	44 471 044

Deferred tax/ -benefits are calculated based on the temporary differences existing at the year-end between financial and taxable values, and the taxable deficit carried forward. Below a specification of the temporary differences and taxable deficit carried forward are given, as well as a calculation of the deferred tax at the year-end.

Temporary differences:	2022	Change	2021
Financial assets and liabilities	12 098 358	5 272 040	6 826 318
Gain and loss account	-39 171 736	9 792 934	-48 964 670
Interest expenses carried forward	-98 289 693	0	-98 289 693
Losses carried forward	-103 998 844	-103 998 844	0
Deferred tax basis	-229 361 915	-88 933 870	-140 428 045
Deferred tax, 22% booked amount	-50 459 621	-19 565 451	-30 894 170



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## NOTE 5 Shares in Subsidiaries

Subsidiaries	Total share capital	Owner- and voting share	Number	Face value	Equity 31.12	Last years' result	Book value in KNOT AS
Knutsen Shuttle Tankers 3 AS	300 000	100 %	300	1 000	188 903 052	32 729 426	589 177 085
KNOT Offshore Partners GP LLC	USD 4 241 000	100 %	5 340	N/A	USD 16 478 364	USD 1 476 976	70 981 327
KNOT Management AS	100 000	100 %	100	1 000	37 927 924	71 227 428	17 136 264
KNOT Shuttle Tankers 23 AS	100 000	100 %	100	1 000	100 000	46 722 130	31 173 366
KNOT Shuttle Tankers 27 AS	100 000	100 %	100	1 000	143 671 442	18 599 951	163 764 712
KNOT FSO AS	100 000	100 %	100	1 000	932 253 537	18 495 637	1 903 168 931
Knutsen Newfoundland Chartering AS	200 000	100 %	1 000	200	6 113 323	-133 531	5 501 990
KNOT Shuttle Tankers 29 AS	100 000	100 %	100	1 000	233 692 913	-2 623 127	324 976 069
Knutsen Tankers 3 AS	100 000	100 %	100	1 000	35 157 503	-1 894 503	2 296 559
Knutsen Canadian Chartering AS	1 176 000	100 %	490	2 400	125 098 600	2 228 814	122 657 980
Knutsen Atlantic Chartering AS	1 176 000	90 %	490	2 400	174 981 199	-151 945	157 356 028
Knutsen Shuttle Tankers Pool AS	1 000 000	100 %	10 000	100	1 000 000	0	989 523
KNOT Shuttle Tankers 33 AS	200 000	100 %	2 000	100	257 356 442	-43 944 150	384 550 281
KNOT Shuttle Tankers 31 AS	100 000	100 %	100	1 000	182 818 942	29 959 673	174 660 209
KNOT Shuttle Tankers 37 AS	30 000	100 %	1 000	30	175 946 543	-21 806 088	200 129 149
KNOT Shuttle Tankers 41 AS	30 000	100 %	1 000	30	214 722 200	-72 662 722	291 418 018
KNOT Shuttle Tankers 42 AS	30 000	100 %	1 000	30	224 155 321	-63 580 133	291 443 018
<b>Net book value investment in subsidiaries</b>							<b>4731 380 506</b>

All of the Norwegian subsidiary companies have the same company address as the parent company, Smedasundet 40, Haugesund. KNOT Offshore Partners GP LLC have the following company address 2 Queens Cross, Aberdeen, Aberdeenshire AB15 4YB, United Kingdom.

Shares in associated companies	Owner share	Number	Equity 31.12	Last years' result	Book value in KNOT AS
KNOT Offshore Partners L.P.	28,38% <sup>1</sup>		USD 652 212 279	USD 58 666 997	
Common units		9 661 255			1 151 925 163
Class B units		252 405			92 780 078
Preferred units		208 333			<u>33 502 346</u>
					1 278 207 588

The company is listed at New York Stock Exchange and the company office address is 2 Queens Cross, Aberdeen, Aberdeenshire AB15 4YB, United Kingdom.

Knutsen NYK Offshore Tankers AS and KNOT Offshore Partners LP agreed to convert the Incentive Distribution rights held by the company in the partnership into 50% common units and 50% class B units. The class B units will be converted into common units over 8 quarters the first time in 4th quarter 2021. The class B units is subordinated and the conversion can be adjusted if the Partnership reduces the quarterly dividend per unit down from 0.52 USD. 4/8 of the class B units have been converted to common units during 2022. At year end 2022, there have been 5 conversions out of 8, and 3 possible conversions remain at period end.

<sup>1</sup> KNOT's share of common units. KNOT cannot participate in the election of the board.



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All classes of units have equal voting rights.

## NOTE 6 Bank deposits

The company doesn't have restricted bank funds per 31.12.

## NOTE 7 Equity

	Share capital	Share premium	Other equity	Total equity
Equity 1.1.	1 601 864 400	598 428 328	1 806 103 510	4 006 396 238
Result for the year	0	0	531 422 394	531 422 394
Equity 31.12.	1 601 864 400	598 428 328	2 337 525 904	4 537 818 632

Share capital consists of 106 790 960 shares with face value NOK 15.

<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Ownership - Share in %</u>
NYK Logistics Holding(Europe) B.V	53 395 480	50 %
TS Shipping Invest AS	53 395 480	50 %
Total shareholders	106 790 960	100 %

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of Knutsen NYK Offshore Tankers AS.



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## NOTE 8 Mortgage Debt and Financial Investments

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

	Currency	Outstanding currency	Accounting balance	
			2022	2021
Mortgage debt	USD	146 500 000	1 451 316 900	1 555 188 800
Debt issuance cost			-7 899 050	-6 521 245
Liabilities to financial institutions			1 443 417 850	1 548 667 555
			<b>2022</b>	<b>2021</b>
<u>Amounts due within 12 months of the balance sheet date:</u>				
Mortgage debt			906 453 900	715 740 300
Debt issuance cost			5 349 538	-5 137 113
Liabilities to financial institutions			901 104 362	710 603 187
<u>Repayment profile:</u>				
0 - 12 months			91 500 000	81 000 000
13 - 24 months			55 000 000	91 500 000
25 - 36 months			0	3 500 000
37 - 48 months			0	0
49 - 60 months			0	0
After 60 months			146 500 000	176 000 000

The NOK/USD exchange rate at the year-end was 9,9066 (8,8363 per 31.12.21).

For debt issued directly to vessel owning subsidiaries of Knutsen NYK Offshore Tankers AS, parent company guarantees for outstanding amount at any time are typically issued in favor of the respective lenders.

The company have pledged 500 000 of units in KNOT Offshore Partners L.P. as security for certain of its interest rate swap. In addition, the company have pledged 6 900 000 of its units in KNOT Offshore Partners as security for certain credit facilities. Aggregate book value for the pledged units are NOK 929 million.

The company seek to reduce market risk and financial risk by use of long term contracts and financial instruments. Though, since a substantial part of the company's revenues, investments and debt also are denominated in the same currency, this limits the company's foreign exchange risk.



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Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen NYK Offshore Tankers AS

### Opinion

We have audited the financial statements of Knutsen NYK Offshore Tankers AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022, profit and loss statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, statement of total comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.



## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 March 2023  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Magnus H. Birkeland  
State Authorised Public Accountant (Norway)

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## Magnus Hegertun Birkeland

Statsautorisert revisor

On behalf of: Ernst & Young AS

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